

COMMITTEE ON FINANCE

April 24, 2006

6:30 PM

Vice-Chairman Gatsas called the meeting to order.

Vice-Chairman Gatsas called for the Pledge of Allegiance, this function being led by Alderman O'Neil.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Roy, Gatsas, Long, Duval, Osborne, Pinard, O'Neil, Lopez, Shea, DeVries, Garrity, Thibault and Forest

Absent: Alderman Smith

Vice-Chairman Gatsas asked are we ready to start with the Building Department.

Alderman Lopez stated could I go over a few numbers here to make sure that we are all on the same page. I just want to make sure that on Saturday's number on expenditures for the City Clerk's Office it is \$1,316,444.

Vice-Chairman Gatsas replied what I am going to ask everybody to do is I would assume that the City Clerk's Office knows exactly where we were on Saturday and I understand what you are trying to achieve but once we complete all of the departments and Alderman Shea I don't want to upset you but we are not going to start with a white piece of paper once we complete these. The next color we are going into is yellow. I would ask the departments to report back to us with the changes that were made on that yellow piece of paper so that we have at least a distinction so that we can compare. If I am asking all of the departments to do it, rather than us confirming they should have a pretty good idea because I think we need them to report back to us on what their number is that they think they can live with because I think that is basically where we left them.

Alderman Lopez stated I realize...

Vice-Chairman Gatsas interjected with the assumptions in that budget. In other words if they assume that there is a position being moved then that should be part of their line and that notation should be there.

Alderman Lopez stated I just want to make sure because in conversation like in the City Clerk's Office the vacant position and how much money we have now is extracted from the \$1.3 million.

Vice-Chairman Gatsas replied I don't disagree with you and I think once they do that they should have that on the next yellow piece of paper that they distribute to us as a second round.

Alderman Lopez asked are you anticipating doing this all as one or as we go through the process here.

Vice-Chairman Gatsas answered what I would like to do is complete all of the departments in the first phase, ask all of the departments by the first of May to report back to us by that Friday so we can have it for the weekend all of the changes that we talked about during the process of the presentation and from there we will have those numbers in front of us so that we can start building our final budget.

Alderman Lopez stated I have one last question before we get started. The main ones I am concerned with are the big four, naturally the Police and Fire Department, to make sure...I would like to personally make sure that we get that yellow piece of paper before then on those numbers because those are the ones I am having difficulty in understanding.

Vice-Chairman Gatsas responded sure. I will have the Clerk send out a memo the middle of this week to all departments we have met with because I think we finish up with most of them tomorrow night or the night after. They will report back so that we have something sooner than Friday. Whenever they get it done they can get it to us and I am going to ask the Clerk to do those on yellow so we can look at the two and see where we are.

Alderman Lopez asked and that is their understanding of the number and for example when we talked about the salary adjustment and said when you need money come and we will take care of it for overtime and all of that...

Vice-Chairman Gatsas interjected correct. Like the Fire Department moving Brent out of there along with his wages. With those discussions so they understand where we were going.

Alderman Lopez replied but the decision on overtime money going into the salary adjustment has not been decided.

Vice-Chairman Gatsas responded I think the overtime number is a number that obviously from the numbers I worked with and we started and withdrew \$330,000 from their budget somebody needs to explain to me how we go from an 2005 number of \$409,000 with 16 people out to control the overtime to \$770,000 with 20 people out to control the overtime. How does that increase by some \$370,000 and how does it increase again? I can understand maybe going from a \$500,000 number to a \$700,000 number in FY07 but I can't see why that was such a big jump from 2005 to 2006 when we had the same complement to take care of that overtime that they covered in 2005.

Alderman Lopez stated okay we are on the same page.

Vice-Chairman Gatsas replied right. Ms. Lamberton can you...I assume the medical...you did a new report and you are doing this weekly. Can you get us a report by department because obviously we don't have the departments run their medical? That is just a plug in number. Somebody plugs it in and plugs it out and changes it and the departments really don't know what that number is and if we have an HR Department I would think that we would want those numbers out of the budget of departments and run as an entirety out of HR. Basically we are on a partially self-insured plan.

Virginia Lamberton, HR Director, stated we are self-insured.

Vice-Chairman Gatsas stated well we have the stop-loss at some point.

Ms. Lamberton responded we pay Anthem for that.

Vice-Chairman Gatsas stated so I would think that those dollars should be in one spot that we are talking about. The amount of money we spent last year was \$11 million and I am just using numbers off...this year it is \$12 million. That is what we should be looking at rather than saying on an aggregate each department has a number for health and dental and the rest of them when they don't really manage it and they don't know whether they have 14 single people in there or 14 couples or 14 families.

Ms. Lamberton replied I think that the Finance Department has that number. Don't you Kevin?

Kevin Clougherty, Finance Officer, stated what happens, Alderman, is when you get your citywide roll up you have a number of how much health insurance...for example how much FICA citywide so you have those numbers citywide. The reason those numbers are distributed amongst the departments and we have done that for the last number of years, is so that you can get a true cost of the operation

of the department and you are not just looking at a partial piece and that is why it is allocated that way. Certainly if a department has money left in that line item that is to their benefit. If they need more, which is more often the case then they come to the reserve.

Vice-Chairman Gatsas replied I understand what you are saying Kevin but there is no real true management of that number. The number is kind of thrown in there by a percentage and is there. It really is irrelevant to the department whether that number is \$1 or \$1 million.

Mr. Clougherty responded actually it has been just the opposite. We found that since it has been put in the department's numbers they do pay attention to that and worker's compensation because it is part of their overall operation.

Vice-Chairman Gatsas replied I can understand worker's compensation but health insurance there is no relevance.

Mr. Clougherty responded well it is part of the cost of that department. If you ever want to get to truly costing out services like asphaltting at the Highway Department or a particular operation in the Fire Department then you want to be able to do the all in cost and that is why...

Vice-Chairman Gatsas interjected have we done that...how long has this process been in place this way.

Mr. Clougherty stated it has been that way for several years.

Vice-Chairman Gatsas asked have we ever done a costing of Highway for paving streets.

Mr. Clougherty answered actually they do have their cost centers and they do the ability through the accounting system and the way they do their work orders to do that. Highway does a particularly good job of that. The other departments we would like to see them do a better job of it but that is one piece that is important.

Vice-Chairman Gatsas stated but then we should truly give them the numbers because they may have 200 people over there and they could all be family plans.

Mr. Clougherty responded again the reason you do the run of payroll is so that you have that starting point. That is what it is. It is a starting point and if they were held with that and at the end of the year they were going to be penalized I would see a problem but as you know that reserve is there to help them out and has been used in the past. It really is for a more accurate accounting of costing a service.

Ms. Lamberton stated we do on a monthly basis what we call a settlement. So if we owe more money than our premiums that we gave them were then we have to settle up with them because there have been more claims than the premiums paid for. The reverse is also true. If there are less claims we may not make a payment for three or four months until we are even again. We do that and the other thing we do is we know how much it costs by department and some of them are broken...like in the City Clerk's Office the Aldermen are in one line and the City Clerk staff is in the other. So we do know how much the costs are but we don't know who is creating those costs.

Vice-Chairman Gatsas responded I can understand if we were a for profit business we would want to know where the profitability is in the department and then I could understand that but we are not a for profit business. So to think that we are managing it...we manage it as a whole here because we say it is a self-insured plan and this is who is going to administer it and this is what our prescription drug program is so I would think that we would look at it in its entirety. It makes more business sense that way because when you look at it the Building Department has no clue whether he has 15 singles in there or 15 families. None.

Ms. Lamberton replied with all due respect they do know because when we do the budget projections they get the numbers for each employee and there is a significant difference in the amount of money it is going to cost for the year.

Vice-Chairman Gatsas asked Mr. LaFreniere just to help me out what is the cost of a family plan.

Leon LaFreniere, Building Commissioner, answered I don't have that information.

Vice-Chairman Gatsas asked do you know what the cost of a single is.

Mr. LaFreniere answered no I don't.

Vice-Chairman Gatsas asked Ginny do you know what it is.

Ms. Lamberton answered yes I do.

Vice-Chairman Gatsas stated I am sure you do. You should know. That is what I am trying to say to you.

Ms. Lamberton stated I guess I don't understand where you are going.

Vice-Chairman Gatsas responded I am trying to make this a little bit of a simpler thing. I would think that the medical plan should be under the HR Department so we know what the total cost of that plan is because we don't care whether there is \$2 million running in the Building Department or whether there is \$50,000. We should be concerned about it as an aggregate.

Ms. Lamberton asked so you want to centralize it in the HR budget.

Vice-Chairman Gatsas answered absolutely. Is this the best deal we are getting? Can we get a better deal? Because that has no bearing on where the department is.

Ms. Lamberton responded that is really your decision I would think during the budget process.

Mr. Clougherty stated it was that way and in order to do the costing out it was put in the individual departments so you knew what your unit cost was because that is where governmental accounting is going. It is going more in a business direction, not in the other direction. They want to be able to track what the costs are and to do comparative analysis, real comparative analysis moving forward. You also, Alderman, because you have this in the different departments you also have it at the aggregate level as well. It is not just at the lower levels. You have the aggregate numbers and you know what they are.

a) Building Department

Mr. LaFreniere stated to my right is Matthew Sink who is the Deputy Building Commissioner. We plan to make a very brief presentation and hope that we can answer any questions you may have. The Committee should have previously received our response to the request on the spreadsheet with the four different scenarios that have been discussed at the Committee level as well as our response to potential revenue enhancement measures that we have taken a look at. The first piece of this and I am anticipating that you would like to talk about them separately is the FY07 expense budget. The FY07 department request is \$1,588,356.88. This represents approximately...well in our revenue request it is \$2.1 million, which is approximately 133% of our expense request. This would maintain our existing staff complement and our existing service delivery capacities and fund operating expenses at a maintenance level with some items having gone down from our previous appropriation and some having gone up to reflect increased costs such as increased postal fees and those sorts of things. The scenario #2 is the FY06 budget appropriation level less 3%. This reduction would be approximately \$120,000 from our FY07 request level. This would result in significant reductions in our salary account because when I last calculated it I

believe 97% of our budget is salary so we are working with a very small percentage of the budget that is in the operating expenses and not contained in restricted items such as health and benefits. So there is no a lot of room to manage a reduction through those expenses. That would result in the equivalent of 2.3 inspector positions. I have identified in this scenario 2.3 housing inspector positions. The reason I am identifying those is the Housing Standards Division is the only division in our operation that has any redundancy at all. In other words we have a total of five inspector positions that are doing essentially the same job. So what would happen is if we had a reduction in the force in that division it would effect significantly our service delivery but we would still have the capability in-house to perform inspections. It also provides a basis for calculating what the effect would be on the revenue loss. In this division each inspector generates approximately \$1,200 worth of revenue per week so a resulting net loss in income for the \$120,000 cut to the FY07 request would be approximately \$140,000 in revenue. We have...it would also have some effect on our review time and processing permits. We anticipate that some of that staff reduction would have to take place in the administrative support section, which would increase our permitting time and so forth. The most significant effect I believe in this particular scenario would be that our Housing Standards Program, the certificate of compliance program, would be set back. We wouldn't have the staff to actually go out and do field inspections. The issue now in our certificate of compliance program, is they are three-year certificates. We are running approximately 5-6 months behind so a three-year certificate is typically not reinspected for 3 ½ years. That timeframe would increase substantially as I believe it would be important to maintain our complaint response capacity to put more emphasis on that and our proactive program for certificates of compliance. In scenario #3 and this is the Mayor's budget, this represents a total reduction from the FY07 request of a little over \$81,000. Now this is the scenario that is a little bit more difficult for us to response to with regards to impact. Approximately \$60,000 of that reduction is directly out of the salary line item. The bulk of the rest of the reduction would be out of benefits with some small reductions in our operating expenses. If the salary adjustments accounts were not available to supplement the budget during the course of the year it would result in staff reduction. We would be reducing staff and once again if we were to reduce in the Housing Standards Division it would be something over 1 inspector and probably 1.2 inspectors and would result in a net revenue loss of somewhere around \$72,000. If we were to take an inspector out of the structural division that would probably result in a much higher net revenue loss as that particular division generates a significantly higher revenue rate per inspector for the permit fees for new construction as opposed to our certificate of compliance program. It would, once again, have severe impacts on our service delivery capacity in the housing inspection area in particular. It would add to our current backlog and structural inspections would also be delayed because we would have to have inspectors

overlap. With regard to the operating expenses, one of the areas of concern in the Mayor's proposal is insufficient funding of the postage account. In the grand scheme of things these are probably small dollars compared to the other monies that we are talking about in salary reduction items but we have seen a significant increase in our postage needs and that is a result of both increases in fees for postage itself as well as a change in process that the City has just undertaken on the service of complaints and citations. This new process requires us to service all of these complaints through a certified mail process and will unfortunately result in increased costs to administer. So the reduction in the Mayor's budget is one that is of particular note for us with regards to maintaining our administrative functions. Scenario #4, if the department were funded at the FY06 appropriation level and obviously there is a theme here. These are all various levels of the same sort of cuts and various severity. This reduction would result in approximately \$74,500. This would somewhat increase staff reductions in the order of 1.5 inspectors and my assumption in preparing this response was that if the department were funded at this level unlike the Mayor's proposed budget there would not be the opportunity to go to the salary adjustment account during the course of the budget year to draw from it if there was a shortfall so in this case we are anticipating that this \$74,000 reduction would result in a net revenue loss of approximately \$90,000. Again various degrees of severity would result in terms of our service delivery capacity and how that would be impacted as well as delays in the review and processing time of the permits. We also once again run into that problem that we have in our operating budget as small as it is. Our postal line item because of the increased costs that we are experiencing due to these new processes. I can stop there if you would like to discuss the expense budget or I can just briefly go over the revenue side and continue.

Alderman O'Neil asked am I correct that you currently have one vacant Housing Inspector.

Mr. LaFreniere answered we do have a current vacancy. I did treat that vacancy as a filled position because we do have permission to fill it under the hiring freeze or a waiver under the hiring freeze to fill that position. We have recruited and through the recruitment process we realized that we needed to make an adjustment to the class specification and I believe that the HR Director has submitted that minor change so that we can then readvertise and get some candidates in but that is certainly an area that we are looking at closely and as this budget process continues the loss of that position will still have an effect but obviously it will be a much more preferable option to reduce staff by a vacant position than by a filled position.

Alderman O'Neil stated in a couple of your scenarios, more so #3 and #4, you mentioned in the Mayor's budget that your salary account was short

approximately \$60,000. I think it was \$58,000 and some change to be exact. I do understand the correlation between having inspectors and revenue but I just want to make sure I am clear on this. If, for some reason, the Mayor's budget was the approved budget you would not fill that position then?

Mr. LaFreniere stated if we are given an appropriation that doesn't include funding I don't want to hire somebody and then potentially have to lay them off. Yes that is definitely something that is under close scrutiny at this point.

Alderman O'Neil asked on postage did I read this correctly that there is a \$3,000 difference. Your request was \$13,000 and the Mayor funded you \$10,000?

Mr. LaFreniere answered yes and we only slightly increased from our FY06 appropriation in part because some of these increases really were identified after the initial budget request submission but we still feel that we can function within the \$13,000 range but the \$10,000 range we are already over that now with our current operating methodology and with the increased fees...

Alderman Lopez stated sort of on the same line I just want to go back to the postage line item. Could you explain on the postage...take a typical case and let us know what the postage is all about so people understand because it is mandatory I believe.

Mr. LaFreniere responded the bulk of the postage results from the abutter's notices that are all sent out certified mail for the Zoning Board of Adjustment. We do do a significant mailing with the rest of our process because we are required to affect much of our communication with our clients through certified mail to document the record of having the mail reach its destination. So the Zoning Board of Adjustment abutters when you file a case with the Zoning Board all of the abutters to that property are notified via certified mail. That is a state law that we have to uphold so we have the cost of those mailings. The process that I referred to that just changed is the citation delivery process. I have been before this Board before and I know other departments have as well discussing some of the challenges we have had in regards to having citations delivered and processed through our Ordinance Violations Bureau. Ordinance Violations spent a great deal of time trying to rework that process and we feel that this...we are very hopeful that this will be a more successful approach but the outcome is that each citation we deliver we are now doing through a certified mail process. Citations are typically issued for violations of the zoning ordinance or building code. That is our primary tool or enforcement tool for gaining compliance.

Alderman Lopez stated postage is the only one I heard you mention but there are some other drops in your expense account. You have no problem with that?

Mr. LaFreniere replied it is difficult from the standpoint of providing for our copying needs and document needs we are always seeking out ways to be more efficient in that regard. We utilize the School of Technology when we can if we can cut costs and have them do some printing for us. We have worked with other departments to get the bulk rate and that sort of thing. We are just anticipating that we will have to do more of that if we are funded at that level.

Alderman Lopez stated I guess I will just wait for the revenue because I think the revenue is important. You have to have the people in order to get the revenue.

Vice-Chairman Gatsas asked the two building inspectors, what are their wages.

Mr. LaFreniere answered I have not at this time identified specific positions. I can give you information regarding the inspector's wages.

Alderman O'Neil asked which two inspectors are you talking about.

Vice-Chairman Gatsas answered the building inspectors.

Mr. LaFreniere stated I assume you are talking about inspectors that were referenced as potential cuts.

Vice-Chairman Gatsas replied correct.

Mr. LaFreniere stated the inspectors in that division range from a high of approximately \$54,000 to a low of our vacant entry-level position at \$39,000. The average is somewhere around \$52,000.

Vice-Chairman Gatsas stated so let's use the average of \$52,000. We are paying somebody \$52,000 to collect \$60,000. That doesn't sound like it is a situation that would make a lot of sense. At least it wouldn't in the private industry. If you are paying somebody \$52,000...actually it is costing you more than that with benefits. It is costing you money for that employee to collect \$62,000 in revenue.

Mr. LaFreniere responded there is no question. I think the equation is a little bit different than that but trying to stay on point if I understand it there is no question that the Housing Standards Division of the Building Department does not generate revenues at the level of the Structural Division but that is in some part by design because the Housing Standards Division, the intent isn't really for that to be much of a revenue center but to cover costs. The intent there is to provide an affordable cost so that there is the least effect possible on the rental prices that the end users

realize. If we were to substantially increase our fees those fee increases would be devastating to the cost of rent.

Alderman O'Neil stated just a clarification. When you say Housing Inspectors we are talking about Certificate of Compliance Inspectors and that is exclusively their job and when you say structural that makes up electrical, mechanical, HVAC?

Mr. LaFreniere responded exactly. Those are the construction inspectors and we essentially have one of each of those.

Alderman Shea stated when I call an inspector because of someone violating a certain type...like putting a mobile home in front of their house or having too many vehicles or having something that is disturbing the neighborhood and I get plenty of those calls, is that what you are talking about as well.

Mr. LaFreniere replied yes. Most of those calls are handled by the person who is titled Zoning Inspector. That is one of those job functions that we have that we really can't charge fees for. You can't charge a fee for ordering someone to comply. So that is one of those positions that doesn't specifically generate fees.

Alderman Shea responded it does indirectly because that particular inspector that I call goes to a home and says look you are violating a certain ordinance and the person says well I am going to get a permit for this. Okay. He goes back the following week and he doesn't find that that person has applied for a permit for that particular situation so then that person can be given a fine for violating a certain neighborhood ordinance and so forth. Is that what you are talking about?

Mr. LaFreniere stated yes.

Alderman Shea stated well I think they are very important in my ward. I don't know about anybody else's.

Vice-Chairman Gatsas stated that gets us back to my question. The inspector – those inspectors are only inspecting properties correct unless the property is being sold and you need that certificate or are they just walking in arbitrarily to a building and inspecting?

Mr. LaFreniere responded there are essentially two separate functions in that division. The first is the Certificate of Compliance program. Now Manchester is fairly unique in the state in so far as having a proactive program where we actually go in and inspect residential rental property for compliance with minimum housing standards and we go in there every three years. That is the cycle as determined by the program at least. We reissue the certificate if the building

remains in compliance. If it is not in compliance than we do revisits after we order corrections. So that is part of it. It is a proactive program. We actually make appointments with property owners when their certificate is going to come due and we go out and make an inspection. We don't ever just drop-in to do a Certificate of Compliance. We are making appointments with the owner and we are there at assigned times doing the inspections. The other side of that division is the complaint process.

Vice-Chairman Gatsas asked how much is the revisit or the reissuance every three years. What is the cost of that?

Mr. LaFreniere answered it varies. It is based on the number of units in the building and the unit type. It varies from the single room occupancy type of unit up to a regular apartment and then it would be priced per dwelling use plus a base application fee.

Vice-Chairman Gatsas asked roughly what is the average. Let's just say for an apartment.

Mr. LaFreniere answered if you had a three-family structure it would be on the order of...if we just went in and did our base inspection and issued the Certificate and didn't have to keep going back and charging for reinspections it would be in the order of \$175 to \$200.

Vice-Chairman Gatsas asked are you telling me that this person is only looking at six dwellings a week if they are three-families to get to this \$1,200 income.

Mr. LaFreniere answered no.

Vice-Chairman Gatsas stated I am trying to get some sort of number to see where the justification is. If somebody is only looking at six units a week and they are three families and that is the \$200 I am trying to understand why.

Mr. LaFreniere responded the \$1,200 that I picked is an aggregate much as some of the other discussions we have had. We have projected a revenue and we will talk in a moment about enhancements in this division, of approximately \$270,000 for the Housing Standards Division. That is 50 weeks per inspector per year anticipating two weeks of vacation and multiply that times the number of inspectors. That gives me a total number of man weeks of inspector time. I divided that 225 man weeks available of inspector time based on our current complement including this position that is currently vacant and came up with approximately \$1,200 per week per inspector that is generated in that division. I didn't split it up into individual inspectors because that can vary widely. One

inspector might do just a few Certificate of Compliance inspections during the course of any week if he is doing a lot of complaint inspections or he might be generating a great deal of revenue if he is doing a multi-family complex such as Countryside Village or something where he is looking at blocks of 30 apartments per building at a time. That does vary widely and it wouldn't be...I couldn't give you based on the level of analysis that I have put into this thus far that type of breakdown but on an aggregate over the course of a year that is the amount that I have apportioned per inspector per week.

Vice-Chairman Gatsas asked so how many inspectors do you have doing that.

Mr. LaFreniere answered that is with five inspectors.

Vice-Chairman Gatsas asked so five inspectors generating \$270,000. That gives me that each inspector is generating about \$54,000 worth of revenue. So \$54,000 worth of revenue divided by 200 is 270 divided by 50 is about 5 inspections a week.

Mr. LaFreniere answered but they are not doing five inspections a week. Essentially we have revenue generating inspections and non-revenue generating inspections.

Vice-Chairman Gatsas stated then I guess we need to get an understanding because if we are going to take the Compliance Officer and put a number to it and I don't care what the number is but obviously it is the amount of dollars they generated and we go back and look at the past. Some place in there it has to be a per unit number that he is generating. I want to know what the efficiency of those compliance officers is. Whether somebody is seeing three properties a week or somebody is seeing nine.

Mr. LaFreniere responded so if I understand you, you are looking for how many inspections the inspectors are doing per week because that is something that we can provide but I can tell you that it is not necessarily going to correlate to the amount of revenues that are generated because so many of the inspections that we do do not generate revenue

Vice-Chairman Gatsas replied right so I want to see how much of that revenue is being generated or time we are paying for is not generated. If you are telling me they do 5,000 inspections whether they generate revenue or not and we put it on by an hourly basis based on X amount of hours per week per inspector then you are going to know exactly what dollars are generated. I think you need to look at something that says the average is 100 a week, which says that is 20 a day or whether the average is 5 a week and that is 1 a day.

Mr. LaFreniere stated we certainly can take a look at that. We have not in the past I can tell you because frankly I haven't...

Vice-Chairman Gatsas interjected ever been asked the question. I understand that.

Mr. LaFreniere replied haven't been asked the question but haven't actually and I don't mean to sound disrespectful but haven't understood the value I guess because we are providing first and foremost a service here to the community through our safety services. We are trying to, with this division in particular, insure safe dwelling units and safe occupancy for Manchester's residents. That is our primary function and not necessarily to generate revenue. I am concerned that I may have steered the discussion by equating it to revenue through my analysis and that wasn't necessarily my intent. I guess my intent was to show that there would be a correlation there and that it is not something we can just look at and say if you cut the Building Department staff you can anticipate the revenue staying at the same level because I realize that the revenues...because we generate so much more in revenue than we cost the City frankly we have a positive effect on the tax rate and I think it is important for the Committee to understand that if there is a cut in the expenses there will be some correlating reduction in revenue that the Committee will need to take into account. That's all.

Vice-Chairman Gatsas stated let me give you a simple explanation. Let's assume you have five inspectors and let's use 35 hours a week times 5 inspectors times 50 weeks. That is 8,750 hours. All I want to know is how many inspections we are doing a week.

Mr. LaFreniere responded we can certainly provide you with that type of analysis but I need to just qualify that by saying that it does vary widely. If we have a problem property...I might have an inspector there who is essentially doing one property that week and I might have another inspector who has done 200 units that week.

Alderman O'Neil stated Leon there are times when an inspector gets involved and they then have to bring other departments in correct. There might be a health issue or a fire safety issue and sometimes on the outside it might include Highway. I don't know if they track their time that way. Not every inspection is apples to apples. You have apples, pears, oranges, and grapefruits. Every one is different.

Vice-Chairman Gatsas replied but at some point we get a fruit bowl. Just a little humor.

Alderman Osborne asked Mr. LaFreniere how many years have you been with the City.

Mr. LaFreniere answered I have been with the City for approximately 23 years.

Alderman Osborne asked and when you brought your budget in each time how many times were you under.

Mr. LaFreniere answered I only remember two. Are you talking about under the projection?

Alderman Osborne replied under your revenue.

Mr. LaFreniere stated I don't ever remember bringing in revenues under our expenses. I can't say that has never happened but not in a long time.

Alderman Osborne asked was there any time that you had a great increase in revenues over one year to another or has it been kind of level.

Mr. LaFreniere stated we have had some significant spikes, especially during peak construction periods. It follows the economy and when there is a significant increased investment in terms of construction valuation and we get a lot of high dollar projects we have had peaks and we have had years when there has been low activity and we have had a few valleys.

Alderman Osborne asked so the only other way you can obtain more revenue with what you are doing now is how. Do you have any idea how you could do that or what we could do? Should we raise fees or what?

Mr. LaFreniere stated yes and that is what I was prepared to touch on whenever you are ready. I can start that now if you like.

Alderman Roy stated one of the comments that I haven't heard brought up as we get into other discussions is you said that right now in the three year code compliance inspections you are running about six months behind. What is that doing to your alternate revenue number and is it just that they are sitting out there and finally waiting and the revenue will come at that point or if you had more staff could you bring that up-to-date and create more work and more fees?

Mr. LaFreniere responded I have not done an analysis to determine what it would cost to get there, let me say that first, however you are absolutely right that the revenues out there are essentially deferred. Somebody who doesn't get their certificate for three and a half years essentially paid for three years and got three

and a half so there is a potential source out there if we were staffed at that level. It would be a fine line to find that level because of course sometimes we do, even in the Certificate of Compliance program, it is cyclical in that the program was put into effect in 1980 and phased in over time so if you can picture we had our 33,000 or 34,000 dwelling units that we were looking at. They weren't all done in the first year. They weren't all done in the first three years. Before they were all...in fact we haven't been in all properties yet because there are still some properties out there that haven't done anything but it was several years before we actually got through that period when we were on a general cycle. Some of the big apartment complexes tend to be all in one year so those numbers go up in those years when we get a lot of the big apartment complexes and go back down in the years where we are doing a lot more of the two and three families and so on. It is a cycle and we can predict it.

Alderman Roy stated you started going in a direction that I thought you would end up going in and I want to clarify one piece of information that I have and then follow-up with the next question. When a three-year code compliance certificate comes up and they have to wait, let's say it came up in January and they wait until June for the inspection. Is it dated January for the new certificate or June?

Mr. LaFreniere responded it is essentially issued when the inspection is completed and that is when the fees are collected.

Alderman Roy stated that is what I needed you to say. So if we are running a six-month delay, every six periods of code compliance we lose a fee out of that customer.

Mr. LaFreniere replied potentially.

Alderman Roy asked and how many properties would you say you look at in a three-year time span. I mean there are 37,000 in the City. How many of those are...

Mr. LaFreniere interjected our way of thinking is in terms of dwelling units so number of properties I don't recall.

Alderman Roy asked would you be talking 1/3 of the City or 10,000 buildings.

Mr. LaFreniere answered possibly.

Alderman Roy stated the last point that I really wanted to get to is more under the revenue so I will hold that.

Alderman Shea stated the thought occurred to me when somebody and several in my ward have been out of compliance and a letter is sent to the owner and the owner somewhat ignores it and they get another letter and then that owner is cited in a court of law. When he is cited in a court of law what happens to the fine? Is that returned to the Building Department revenue or is that sent somewhere else? That is a very important consideration because a lot of revenue is generated that way.

Mr. LaFreniere responded it is not returned to our department revenue. Actually if I could I think Tom Clark might be able to explain a lot better that whole process and where the money goes. We send them to District Court if they don't pay the fine.

Thomas Clark, City Solicitor, stated the fines generally go through Ordinance Violations and to the general fund.

Mr. LaFreniere stated right but it does not go through our department.

Alderman Shea asked so it is not credited to the inspector who had to do all of that work and so forth.

Mr. LaFreniere answered no.

Alderman Shea stated so there is a lot of unrelated revenue that is being generated directly to the general fund but not credited to the inspector who is going around and spending hours chasing down all of these violations. Is that correct?

Mr. LaFreniere responded there certainly is a portion of revenue and whether it is a lot or a little could vary but there are definitely revenues generated that way. There are also revenues generated by virtue of the fact that the way the program is structured if they don't make the correction when they are supposed to they are charged reinspection fees and those fees keep going up.

Alderman Shea stated and those fees could be more related to wards that have multi-family dwellings vis a vie some that are single family dwellings. Is that another assumption?

Mr. LaFreniere replied absolutely.

Alderman Shea stated so there are certain wards in this City that need inspectors more so than other wards in the City that need inspectors. Would you make that as kind of an assumption as well?

Mr. LaFreniere responded in that division I think that is an appropriate statement.

Alderman Lopez stated according to the City Assessors there are 32,000 parcels in the City. I want to get back to something you said that is very important and how does it relate to the City as a whole for the homeowner and the insurance aspect of it and the economy aspect of it? I think it is important not to say that we are having inspectors out there creating all of this generated revenue and going out there and finding it. The importance of the inspectors is what I want to get back to. Could you elaborate, regardless of what kind of inspector you have, on the importance of the inspector for the City as a whole?

Mr. LaFreniere replied the Certificate of Compliance program was developed in the mid-80's and it was really in response to a particular point in the marketplace where we had a lot of abandoned properties or a lot of properties that were in declining condition especially in the residential rental market and frankly the condition of these properties most significantly in the low to moderate income areas of the City were creating substantial problems for the neighborhoods. This is the period of time where we were seeing actually increased crime rates in some of these areas because of the whole broken windows philosophy of when one building would go into decline the next property owner would realize a lost value in his property so he allowed his to go into decline and it had a compounding effect. So the Certificate of Compliance program in my mind was particularly successful in turning a lot of that around. Certainly the economy played a hand and the improvements and investments in properties in neighborhoods. There is not any question in my mind that the Certificate of Compliance program accelerated that and was behind a lot of that investment. The Structural Division plays into that as well because we are out there trying to maintain safe occupancies for our citizens and those are safe occupancies whether they be in residential applications or schools or commercial restaurants or whatever application that might be and in recognition of those efforts the City's insurance rates feed into the efforts that we put into our inspections and our Certificate of Compliance program. Some of the neighborhood investments that the financial institutions have made have been in part based on the fact that we have these programs and the financial institutions have come to us and said we feel that you as a community have provided a foundation where we are more willing to invest in marginal properties that otherwise they might not have invested in. The insurance services corporation that does the community ratings nationwide communicates with us annually and they ask us to fill out a survey that includes such information as how many inspectors do we have, are they certified, what types of inspections do we do, what are the education levels of the inspectors, what emphasis do we place on continuing education and so forth. So all of those play into that. I don't mean to run on but there are a lot of spill over effects from what we do beyond the specific results of an individual property.

Alderman Lopez stated I just didn't want to lose that portion of the mission and how it helps the City by having these regulations. I understand where Alderman Gatsas is going as far as getting the numbers regarding how many inspections and all of that but that is for another day.

Vice-Chairman Gatsas stated I agree it is not for the white piece of paper.

Alderman Duval asked is it possible that the Building Department could consider issuing COC's on a timely basis when they are due but issue them marked pending or something until an inspector can go out and physically inspect the premises. That way the Building Department wouldn't experience any delay or lag time in collecting renewal fees on those COC's.

Mr. LaFreniere answered we do do that in a manner of speaking in so far as when property changes hands or properties request services that we are not able to provide we will issue interim rental certificates and we do charge a fee for that. The fee is not at the level of the Certificate of Compliance once it is issued but we do collect the COC fee once the process is completed. That is certainly a different approach and something we could consider. My concern, I guess, would be that under a statutory authority to charge fees the intent is that we are supposed to charge fees for services that we provide and if we are charging a fee up front and it takes us some time to actually provide that service I would just be a little bit concerned about what the nexus would be there and whether we could be perceived as somehow not being in full compliance with the spirit of the basis of the statutory framework.

Alderman Duval stated the proposed budget that you have for your department for FY07 how much progress has your proposed budget...how far along does that get us. In other words, were you coming in thinking that gee you are not going to push the envelope too far because maybe you don't have support for bringing your department up to what you envision should be the appropriate standard so did you go on the lighter side? In a perfect place in a perfect world would you have even requested more so that you wouldn't have that lag time and you would be producing the revenue that you should be or could be producing with additional inspectors?

Mr. LaFreniere responded the approach that we took given the state of affairs in the community in regards to the budgetary situation and the direction that we had been given from the Mayor's Office, we essentially prepared a maintenance budget. I have often used the analogy that the work that we do we could do with 100 inspectors or we could do with one inspector. Really what it comes down to is the level of coverage and the quality of the service that we provide. Now I am

not proposing that we hire 100 inspectors but what I am trying to convey with the analogy is that we could certainly utilize more resources in those areas providing more comprehensive coverage. I think that would be valuable to the City and in so doing there would be more revenue generating opportunities. Again as has been part of the discussion tonight that is not necessarily first and foremost of what our mission is but certainly and we have proposed in recent past budget cycles an Assistant Zoning Inspector and an additional Housing Inspector for exactly the purposes you just identified. The additional zoning inspector because we are far beyond our capacity to respond to complaints in a timely fashion. We are always running around trying to figure out not only how to get somebody to the site when we get a complaint but how to follow it through to resolution. Another housing inspector because we did have another position that we had lost during the budget cycle in years past having to do with a person who came in that was federally funded and that person we wanted to convert to a City staff paid position and we had a vacancy but we were going through the budget process and we lost that position. In addition to that, we had been talking with Fred Ruscsek at length about some of the efforts that the City has initiated like the poison prevention program and our mediation program. On the surface and this is something that Fred and I have discussed in detail, it makes a tremendous amount of sense for our department to be involved with that because we have people in these apartments anyway and that is where the real crux of the issue comes from primarily. I can tell you that in this budget we did not include any resources in terms of staff or training to undertake that. So yes there is definitely an opportunity there to enhance our revenue generating capacity but also to provide a more comprehensive service.

Alderman Thibault stated I am wondering right now with all of the construction in all of the schools that we have done in the past few years how much time would the inspectors have spent on these projects and who pays the fees there.

Mr. LaFreniere responded a lot of time. We still have our inspectors who are working on the schools because there is still work underway as I am sure you are aware. Max in my office has been kind of the point person on the school projects. The fees that those projects have generated I was going to touch on in a moment. They have gone into our budget through the school projects and have provided us with a pretty significant income stream during the course of the time we have been working there. In FY05 we took in some \$361,000 worth of revenue just from schools and in FY06 we have taken in another \$400,000. So it has been a substantial amount of revenue but we have spent a lot of time there.

Alderman Thibault stated I was more concerned about how much time the inspectors had to spend over there where they wouldn't be out in the field doing inspection of houses.

Mr. LaFreniere replied they have been very complicated projects. In some ways they are more complicated than new buildings would be.

Alderman Thibault stated well that is probably part of the reason why you were delayed in collecting some of those fees.

Mr. LaFreniere stated that was kind of a unique process because the fees were coming through another City agency so we knew they were coming and as we followed through the process we actually structured it so that we issued the permits to keep everything going and make sure they were in place and then the fees were paid in lumps as opposed to individual permits.

Vice-Chairman Gatsas asked what were the total fees in FY05.

Mr. LaFreniere answered \$392,201.65 thus far. I'm sorry FY05 was \$360,986.

Vice-Chairman Gatsas asked that is for the school renovation.

Mr. LaFreniere answered yes that was the school portion of our revenue budget.

Vice-Chairman Gatsas asked is that broken down in electrical, plumbing and heating.

Mr. LaFreniere answered yes it is distributed.

Vice-Chairman Gatsas asked what was the number for FY04. The total revenues for FY04? I guess I could look at it in my book.

Mr. LaFreniere asked for schools or total.

Vice-Chairman Gatsas answered total.

Mr. LaFreniere stated \$2,351,696.

Vice-Chairman Gatsas stated so even with those two projects, the big school project in the last two years our revenues are on down slope.

Mr. LaFreniere stated yes and that is a result of decreased construction valuation. Our permit numbers are maintaining pretty steady but the construction valuation or the cost of individual permits because the value of the work being done under those permits is less has been reduced. Hence the reason that we have been

ratcheting down our revenue projections for the last couple of years. Things are flattening out a little.

Vice-Chairman Gatsas stated that is very difficult for me to understand. I don't think the cost of homes or new construction is going down.

Mr. LaFreniere responded no but in some of the previous years we have had big projects like the Mall of NH and other large construction projects that were generating substantial fees and in the past couple of years we had more homes and things that generate fees at a much lower rate.

Vice-Chairman Gatsas stated you can proceed with the revenue discussion now.

Mr. LaFreniere stated as part of the budget process when we met with the Mayor and the Mayor's budget team one of the things we discussed was the revenue side and we discussed this issue of the rationale nexus between the fees and the cost of providing services. We also discussed the issue of remaining competitive in the marketplace. I still would maintain that the cost of the permits represents such a small portion of the total project cost they probably at the end of the day don't have an effect on whether someone is going to decide to do their project in Manchester versus Hooksett or some other community. However, that said I do think that from an economic development perspective as we are trying to market ourselves as a community that we don't necessarily want to be in the position of being the highest priced place to do business with regards to permits or at least the highest priced place to do business by some great margin. So with that in mind and as a result of our meeting with the Mayor and his budget team we undertook an analysis of where we were at and we haven't raised fees since 2001 so my initial projection was that there was going to be some room to raise fees. Enough time has gone by and certainly other costs have gone up and I know that other communities have been requesting information from us along the way about our fee schedule so they could do their comparison analysis. What we find out was somewhat surprising to me in that we are still in the upper tier of permit fees with regard to comparable communities. When I say comparable communities I basically did a survey of the other cities in New Hampshire like Nashua, Keene, Portsmouth, Salem and some of the other communities where we felt there was a representative type of construction activity that took place and we also checked with Lowell and Methuen in Massachusetts. What resulted from that was we didn't feel like there was a lot of opportunity to significantly increase permit fees and still be competitive and still be in a similar range of other communities and not be significantly overpriced but there was opportunity to try to build some equity into the fee schedule that isn't existing today and do some tweaking here and there and some enhancements with regard to charging for some things that we don't currently charge for that some other communities do. We did have some

individual fees that were lower than other communities. The upshot is that we estimated that we could generate with some minor adjustments to our fee schedule approximately \$200,000 of revenue over our FY07 projection. The Mayor has incorporated that \$200,000 in his FY07 budget so we are currently putting the finishing touches on some ordinance changes that we will be bringing to the Board of Mayor and Aldermen in May to affect those adjustments. I can talk about them individually if you would like or we can wait and have that discussion when we are looking at the individual fees.

Vice-Chairman Gatsas stated I would like you to send us a copy of those fees, the last time they were increased and the amount you are talking them to before we have that discussion.

Mr. LaFreniere responded I have provided you with a summary on it but I will provide more detail. I sent to the Committee as a result of your request back in April and we handed out copies tonight but we will provide that.

Vice-Chairman Gatsas stated I guess I am looking for like three or four columns. One the last time that they were increased, the year and what it was increased from and what you are proposing now.

Alderman O'Neil asked did you figure this as of July 1 or was there a little bit of wiggle time in there.

Mr. LaFreniere answered this is anticipating a full fiscal year.

Alderman O'Neil asked so if we are going to do it we need to do it as quickly as possible in the month of May.

Mr. LaFreniere answered that is why we want to have this before you so you can make those decisions.

Alderman O'Neil asked has Mr. Borek reviewed this at all for any...

Mr. LaFreniere interjected I haven't discussed the specifics with Mr. Borek but I think it would be a good idea to do that.

Alderman Lopez stated the one I am concerned with and would like an explanation of at this stage of the game are the Zoning Board fees. I have talked to Mr. MacKenzie on a number of occasions and he is supposed to get together with the Building Department on possibly changing some things. Are you telling me for example that if a person doesn't comply with the 4' or 10' setback or whatever the case may be he is going to have to pay \$250?

Mr. LaFreniere replied I can let Max speak to that a little bit. He did the cost comparisons but essentially we charge...our Zoning Board of Adjustment fees are substantially less than most other communities.

Alderman Lopez stated the point I am making though and I want to make it because there is a case going before the Zoning Board now for example and Alderman DeVries probably knows a few more of these at the Planning Board but on the Zoning Board there is a 37 car parking lot on Lake Avenue and an individual is putting in a boutique and part of the parking or one of the requirements he has to have is 37 parking spaces so he has to go before the Zoning Board, which is totally ridiculous and they are looking at different ordinances. The other case would be Dr. Shalom's office on the West Side. That was a prime case. I took you over there and you are familiar with that. I am just saying if we are going to do this and we are going to increase from \$150 to \$250 for some minor thing where they have to go before the Zoning Board then I think the Building Department and the Planning Department should look at the ordinances and see if we are gouging people to go for some minor administrative things.

Mr. LaFreniere responded sure. There is no question that some communities use the Zoning Board of Adjustment fees as a disincentive to ask for variances because there are a lot...there are some requests that some might consider frivolous but that may take up the time of the Board and may not ask for a variance if the fee was more substantial.

Alderman Lopez asked Max do you want to speak to that because you are always there.

Matthew Sink, Deputy Building Commissioner, stated I can only say that the \$250 fee on an individual basis it may seem a minor thing to ask but there is a lot of research that goes into each case no matter how small it seems. There is a lot of time spent by the Zoning Inspector who does a complete review and researches the history of the property and there are other administrative expenses involved with Kathy Payne and myself and the time we put into it. We have already talked about some of the administrative expenses. That is really the justification. \$100 we don't feel is adequate to cover the costs.

Alderman Lopez stated that is not my point. My point is that I don't think and I have talked to Mr. LaFreniere and Mr. MacKenzie about this we have given enough authority to the Building Commissioner and Mr. MacKenzie to work with him to do an administrative approval versus spending \$250 to go before the Zoning Board for some minor thing.

Mr. LaFreniere responded I do understand what you are talking about there. I think the idea is that if we were to make some ordinance adjustments and I have talked with Mr. MacKenzie and we need to have more discussions but if we were to structure some additional ability to administer those ordinances within the context of the ability of the Building Commissioner or the Planning Director than those types of cases wouldn't go to the Zoning Board so there wouldn't be a fee and the fees that we are talking about potentially applying would be for the more substantive cases – the case where somebody really wants to do something but the ordinances says no you can't do it like put the two-family in the single family district or...I could come up with a myriad of examples but yes I think it is a little bit of a different issue and it is something that is definitely worth pursuing.

Alderman DeVries stated Alderman Lopez beat me to it because that is exactly what I zeroed in on, the Zoning Board increase and I am hoping that when you do give us some further detail if you can help us understand historically if Manchester does trigger more zoning variance activity than the surrounding towns that you are referencing and I don't know if that is possible or if I am asking for an impossible statistic. I go to some of the actions that we probably have in Manchester like the unaccepted City streets that surrounding towns don't have. Each time a homeowner looks for a routine building permit because it is an unaccepted City street or public way they have to pull the variance so that may be a direct continuation of what Alderman Lopez was speaking to – the review process to maybe weed out things that would be a little bit more traditional requests and not need the full zoning review.

Alderman Long asked did I understand you right that the Mayor's recommendation assumed these fee increases – that \$200,000.

Mr. LaFreniere answered yes.

Alderman Long asked and with respect to Alderman Gatsas' comparison could we have a comparison for the immediate area standards. Do you still have those notes and whether it was Portsmouth, Nashua or Concord? Can we have that comparison?

Mr. LaFreniere answered absolutely. That I was anticipating to be part of our presentation.

Alderman Long stated I want to reiterate what Alderman O'Neil mentioned with respect to Paul Borek. I just foresee us if these increases go forward looking to waive these fees for some economic development project coming down the road and I want to be sure that we are at least on the medium end of the fees.

Mr. LaFreniere replied I will definitely discuss this with him and I think that is a valuable exercise but I will say that the whole premise behind what we have proposed is basically tweaking what exists today without increasing the primary cost of doing business. We have eliminated the disparity between renovation type construction versus new construction but we haven't increased the ceiling of what renovation construction is today. We just brought parity to it. So we have made changes like that. They definitely represent increases but we didn't feel there was room to make the type of changes that you are concerned about.

Alderman Lopez stated you keep referring to \$200,000 more in revenue and in FY06 it was \$2,050,000 and it is going to \$2,100,000. That is only \$50,000.

Mr. LaFreniere responded I can speak to that. As part of this flattening of revenue that we have seen and knowing that we weren't going to see almost \$400,000 of revenue from the school projects we were very concerned about making our FY07 projection. That is why we came in with our initial projection to the Mayor at \$1.9 million even though that represents a reduction from what we anticipate we will bring in in FY06. So given the trends that we are seeing I have to say this is not an exact science because if the projects come we get the revenues but if they don't come we don't get the revenues so it is hard to know what is going to happen in the marketplace. We felt that we could squeeze another \$200,000 out of our existing fee structure, which is what we are projecting at the \$1.9 million level and that would bring us up to \$2.1 million. So that is where the \$2.1 million came from.

Alderman Shea stated Max sees me quite a bit at the Zoning Board meetings. I went to a zoning hearing and one of my constituents was 3" off. Now come on 3" off and you are going from \$100 to \$250? Another concern that should be expressed is if a person is and I say guilty and maybe that is the wrong word but if they do something that violates the building code why aren't they penalized more because they haven't followed the rules like somebody else coming in here to get a variance for their property? In other words they are not really charged that much for doing what they shouldn't have done and accomplish what they intended to accomplish and very rarely, maybe sometimes, but very rarely do they have to pay the pauper by taking it down or removing it and so forth. They may on occasion but most of the time they are allowed to do that. Now are they charged a fee for their impropriety so to speak?

Mr. LaFreniere replied yes. We have a provision in our building code and in our fee structure that allows us to double the fees if you do the work without a permit.

Alderman Shea asked so double the fees means from what it is now...

Mr. LaFreniere interjected right. If your building permit fee to put on an addition was \$350 you are going to pay \$700.

Alderman Shea stated I think they should pay more because that is where a little bit more justice should be rendered. That is what I am saying because in this particular instance there was a surveying mistake done unfortunately but I am just saying that person had to come back a couple of times so they were denied the first time and had to come back a second time. What I am saying in essence is that sometimes the good that people have and they are following the rules and some other people should be the ones, really the more guilty party should be charged more for their not following the rules if they get caught but if they weren't caught then they get away with having done something illegal.

Mr. LaFreniere replied what you will see when we bring the proposal forward is somewhat of a sliding scale if you will that attempts to recognize that. There is going to be an attempt to not penalize the person who is 3" off who through no fault of their own found themselves in that type of position. I understand what you are saying.

Vice-Chairman Gatsas stated let me just remind the Committee that we now been on the Building Department for an hour and a half and we have three more proposals to come before us. If we keep up this rate we are going to be here until tomorrow. I find it interesting...did somebody ask you for a level funded appropriation of FY06 because I noticed that is one of your...

Mr. LaFreniere interjected I understood that to be one of the requests that came from the Finance Committee. I understood there were four scenarios that were requested.

Alderman O'Neil stated there was some confusion early on in the process. We had some doing 3% off of the Mayor's budget and 3% off of the FY06 budget so there was some confusion early on.

Vice-Chairman Gatsas stated I didn't know if this meant that he could live with a level funded FY06 number. Can you live with a level funded FY06 number?

Mr. LaFreniere responded we can live with whatever the Board ultimately adopts. That will just result in a level of service that is commensurate with the resources that we have.

Alderman Lopez stated I am sure we will give him the money he needs in order to make the City safe for the building inspectors of this City.

Vice-Chairman Gatsas stated that could mean that we are going to get into that other sheet of paper that you were looking for to make sure those 8,750 hours are properly being used.

Alderman Lopez replied the point is well taken but we can't quantify that type of inspection as he indicated.

Vice-Chairman Gatsas responded the difference is that that is the way you would look at it if it was a business. You would want to make sure that those hours are being allocated in the right position.

Alderman Roy stated Leon you brought up one of my favorite theories that I throw at the Police Department all the time, which is the broken window theory. Your funding and the code compliance and the inspections that they do without being fee based, the non-revenue side of what you do, what impact do you think that has on the tax base and can you quantify it? I know it is speculative but you have been in this business a long time and you and Max know this City better than a lot of people who have sat before us. If you were to look at...you know you have been here through the 90's and the bottom years but what are we looking at long-term if we keep pushing code compliance away?

Mr. LaFreniere responded I sincerely believe that the code compliance program has been a significant success for this community and maintenance of it is important both to maintain the safety of our housing opportunities, particularly at the low to moderate income housing level but also from strictly an economic development standpoint. Speaking from an economic development standpoint I don't think it can be overstated that it is critically important to maintain a level of quality in our infrastructure and our investments and I am talking private investments.

Alderman Roy asked and you can directly relate that quality of the properties to the manpower you have on the street. Yes or no?

Mr. LaFreniere answered I believe yes. Now if you are asking to quantify that in terms of dollars and cents that would be a challenge but I am convinced that we generate more property tax revenue out of a property that is up to minimum property standards than we do with a property that isn't up to property standards.

Alderman Roy stated I do realize with this revaluation that we are capturing a lot of what has happened in the real estate market but I also believe that the improvement of properties is also being captured and for that I thank you and your department. When I look at the departmental requests and what the revenue numbers are it is a 2 cent difference on the tax rate between the Mayor's request

and your request so I thank you for trying to keep the numbers down and in line with the logic here at City Hall but I do want you to keep the City beautiful and keep that broken window theory from coming back into the City.

Vice-Chairman Gatsas asked do I hear that as another tax increase.

Alderman Roy answered they are all proposals on a blank sheet of paper.

Vice-Chairman Gatsas replied not the Mayor's and the Mayor's is right in front of us and if you are increasing his that is a tax increase.

b) City Solicitor/Risk

Solicitor Clark stated with me is Tom Arnold, Deputy City Solicitor and Harry Ntapalis, the Risk Manager. We have provided the Finance Committee with the requested scenarios of a FY06 minus 3% and the impact of the Mayor's proposed budget. As you can see from my materials our budget is fairly straightforward. The majority of it is salaries with some small expenses. The impacts basically are as follows. The Mayor reduced our request on the worker's compensation line by approximately \$125,000. The reason for that is when we prepared the numbers and they were introduced as a budget request my budget was the placeholder for a majority of the funds that are used throughout the City since the Risk Manager is in my office. We have been since informed that the worker's compensation reserve fund that the City has set-up is now fully funded and available so we don't need those funds. The main hit to our budget is to the salary account. As with all of the departments the Mayor looked at our full complement and then reduced it by a certain percentage. The Mayor's proposed budget is \$24,978 short and the FY06 minus 3% is even further short than that. Historically my office has not had vacancies. It is an office where we need all of the employees and we will be looking at the salary adjustment account to recover those costs. If we don't get that money there will be some kind of reduction in personnel during the year. The Mayor's proposed budget on staff development cut our request by \$1,000 and I know that some of these numbers compared to what you have looked at in other departments are fairly small, however, they do affect our department. I have six attorneys in my office. We are required to maintain our continuing legal education. We have the Independent Auditor in our office who is also required to maintain his education and the Risk manager who maintains his certificate. The losing of \$1,000 will severely impact that training and will probably require our office to go to the tuition reimbursement account. The postage has been reduced by \$250. While it doesn't appear to be much, my office has three prosecutors and we send out reams of mail everyday that is required by law when a defense attorney asks for discovery. We have to send them out the police report and any other exculpatory evidence. We are just going to run out of money there. The

same with the telephone line. My attorneys and the Risk Manager and the Safety Officer are on the phone all day long. We are not a department that deals with the public. We are on the phone all day long either with other attorneys or other departments and it is a required item for us. Mileage reimbursement. Again, the Mayor reduced our request by about \$600. The majority of that is to cover my attorneys traveling to Concord for administrative license suspension hearings. Other portions of it are used when we drive to the registry to do research on deeds. The other main item is the incidentals account. We requested a \$40,000 incidentals account this year. The reason we have asked for an increase of approximately \$10,000 from the present fiscal year is we anticipate that our caseload is going to go up. It happens every time there is a revaluation. The caseload significantly increases on tax abatement requests. That line item basically pays for expert witnesses, court filings and we can never accurately judge or nail it down to penny a year ahead of time. Some years we have used the full incidentals account as the Finance Office can tell you and in other years we have not. Two years ago we used the full incidentals account and had to come back to this Board for an extra \$15,000 because of the school funding lawsuits. The last item on my impact list was auditing. The Mayor fully funded the contractual requirements for auditing, however, the FY06 minus 3% would not cover the contractual requirements that are outstanding at this time. If you have any questions I would be happy to answer them.

Alderman Roy stated on line 214, worker's compensation, you are saying that it was set in as a placeholder. In the departmental request you have \$266,000 and should we use the Mayor's number of \$127,352 or...

Solicitor Clark interjected those numbers as you are well aware are spread out throughout the City and allocated to different departments. The remainder was allocated to my department. It was based on the actuarial studies done for the Risk Management Division that Harry Ntapalis runs. Since that time we have been informed by the Finance Department and the Mayor's Office that the worker's compensation reserve fund that the City established a couple of years ago is now fully funded so any additional revenues needed could come out of that fund during the year. So we could live with the \$127,000.

Alderman Roy asked just so I am crystal clear we can deduct \$139,581 from your departmental request.

Solicitor Clark answered yes.

Alderman Roy stated I have a question for Kevin Clougherty. Those worker's compensation funds and the full funding of the trust is that something that changed

in what we need to budget for or is it just a policy change if we run short we will go to the trust fund?

Mr. Clougherty responded each year Harry does an actuary's report and a forecast of what he feels is needed Citywide. He does the allocations to the different departments and that serves as the basis for the appropriation. We then have the trust fund, which as you know we have a series of guidelines as to how that is going to be maintained and we follow that. It just so happens that that particular fund has come along well over the past couple of years and is in good shape so the amount that you have to appropriate we can be a little more conservative with.

Alderman Roy stated I am hearing between the lines an answer that Harry didn't change the number it was a policy change on how we are funding it and if we run short we can go to the trust fund.

Mr. Clougherty replied right.

Solicitor Clark stated Harry's request included the \$266,000 along with the number that is in all of the other departments. We have been informed since then that the reserve account is fully funded and can cover that so we can be a lot more conservative and the Mayor was more conservative. We have confirmed that we can live with that number.

Alderman O'Neil asked Tom if we correct the worker's compensation number, how off is...what is the total number of dollars your department is off. You said it is approximately \$24,000 in salaries?

Solicitor Clark answered just under \$25,000 in salaries...

Alderman O'Neil interjected can you get back to us with a memo.

Solicitor Clark stated if you total it all up from what the Mayor proposed and what I think is necessary it is probably less than \$50,000.

Alderman O'Neil asked and you currently have a vacant attorney position.

Solicitor Clark answered yes. As you recall one of my attorneys went on leave of absence in December after having twins. She has since informed us that she cannot return after finding out that twins is a little more work than she anticipated. We have been given permission by the Mayor to fill that position and we are in the process of doing so now.

Alderman O'Neil asked so you should have somebody on board by the start of the next fiscal year.

Solicitor Clark answered yes we definitely will.

Alderman Shea stated my concern is when we begin to tap into, if we have to of course, trust funds. How much are we putting ourselves in jeopardy in the long-term by handling problems that we might anticipate in the short-term? I am not sure if that is the right way to draw this analogy up Harry but could you explain what the implications might be in the foreseeable future possibly?

Harry Ntapalis, Risk Manager, stated the trust funds that we are talking about are actually reserves. Some of you may have heard me in the past talk about reserve accounts and in the better part of the 1990's you really ran a risk in terms of worker's compensation because you were funding about 80% of what the actuarial recommended. That became a little tentative simply because going down the road as Alderman Shea had just mentioned if you ran into a situation where you had claims in excess of what you should have been reserving not only would we have felt the impact in not having sufficient dollars but now in this new millenium as was stated a little bit earlier by Mr. Clark we have been experiencing a better handle on worker's compensation as has been proven out in actuarial reports for the last five years. In the past two years now we have been getting close and this year when the actuarial came in we are at the 100% funding level that is required. Ten or fifteen years ago we had a gap of anywhere from \$500,000 to \$1.5 million. So in addressing those claims in the future, Alderman, I do think we have sufficient funds to pay for those things that could happen going forward in the next 12 months.

Alderman Shea asked do we get interest on those funds. Are they invested?

Mr. Clougherty stated remember that these reserves are creatures of accounting that are done as part of your financial statements. They are not bank accounts. They are statements that are prepared and reviewed at the end of each fiscal year. To answer your question every dime that the City has is fully invested.

Alderman Shea replied I couldn't quite hear you.

Mr. Clougherty stated these reserves are not bank accounts. They are creatures of your balance sheet. They are calculations that are done as part of your comprehensive annual financial reporting each year and as part of the actuary we set aside, if you will, a fund balance to deal with anticipated problems coming forward. All of our dollars, all of our cash is fully invested.

Vice-Chairman Gatsas asked Kevin the appropriations that we make for each department in the worker's compensation and the health insurance reserve aren't in a reserve account.

Mr. Clougherty answered the appropriations that you make in each of the departments are Harry's and the actuary's best estimate as to what you are going to be paying this coming year. There is also a reserve that is on your financial statement so that in the event that those dollars that are appropriated by the department are not sufficient. Yes, the appropriations you make are real dollars that are raised either in taxes or otherwise and put in the bank and spent and at the end of the year if there is an adjustment that has to come out of that reserve than the reserve is lowered as part of the financial reporting process.

Vice-Chairman Gatsas stated but your answer to Alderman Shea was that it is really not there. It is not in an account that gains interest.

Mr. Clougherty replied there is not a separate bank account...

Vice-Chairman Gatsas interjected no but they are all together.

Mr. Clougherty stated well it is all the City's general funds.

Vice-Chairman Gatsas stated Tom let me make sure I have this very clear. The amount of money that was allocated to each department for worker's compensation is what you actually believe that department is going to use roughly?

Mr. Ntapolis responded as near as possible based on trending yes.

Vice-Chairman Gatsas asked and the reserve is at 100%.

Mr. Ntapolis answered that is correct.

Vice-Chairman Gatsas asked so I can deduct from you not just the \$129,000 but I can deduct the entire \$266,000 and put you to a number on my white piece of paper because you are 100% fully funded at \$1,279,140.

Solicitor Clark replied I know what you are saying Alderman. If you wanted to reduce the budget by \$266,267 you could do it but you would be guaranteed that you would hit the reserve because we anticipate this is what is going to be needed...

Vice-Chairman Gatsas interjected no you are guaranteed what is in each department's number.

Solicitor Clark responded no. Each department has an allocation for worker's compensation. My allocation last year was \$14,000 for my office. This year the actuary determined what he believes would be necessary to cover the City for worker's compensation, that includes the \$266,000.

Vice-Chairman Gatsas answered it can't.

Solicitor Clark stated yes it does.

Vice-Chairman Gatsas asked how can it.

Solicitor Clark stated it just wasn't allocated to other departments. It was placed in our department as a contingency.

Vice-Chairman Gatsas asked why wouldn't it be placed in other departments. If I look at Police...

Mr. Ntapalis interjected it is strictly a first layer. In other words if you have a department like Highway it is really hard to predict a labor intense department and given any particular time the dollars that Frank worries about all the time is the allocation that I give him. He thinks often it is quite lean. If he goes over, say a settlement takes place during the course of the year, we tap in first of all into the dollars that have been set aside that have been taken into account...

Vice-Chairman Gatsas interjected I am looking at the Fire line. Let's get a very clear understanding of where we are at. The Fire line has \$405,000 at the department's request and I assume that is what you plugged in.

Mr. Ntapalis stated that is correct.

Vice-Chairman Gatsas stated if I look at that number and compare it to what the FY05 actual was it was \$258,000. That was the actual.

Mr. Ntapalis answered correct.

Vice-Chairman Gatsas stated then if I look at what the FY06 number was it was \$324,000.

Mr. Ntapalis responded you have to bear in mind the one thing is there is no...

Vice-Chairman Gatsas interjected who set the \$405,000 number. An actuary or you did?

Mr. Ntapalis stated the actuarial breakdown the departments as to where they should be based on a 10-year historical sequence.

Vice-Chairman Gatsas asked so this number for FY05 is a number you estimated for Fire and if I go through every single department that estimate is going to cover what they believe in worker's compensation is going to exist by an actuary.

Mr. Ntapalis answered for that year that is correct.

Vice-Chairman Gatsas asked so there is no shortage in your calculate in Fire.

Mr. Ntapalis answered but there is still the need for the reserve.

Vice-Chairman Gatsas stated I will get to the reserve because I understand it. The number you have in Fire doesn't anticipate a shortfall or an overage. That is if you were right on the button that is what you projected and every department is based on the same analysis?

Mr. Ntapalis replied correct.

Vice-Chairman Gatsas stated the first thing the Solicitor said was that the reserve fund for worker's compensation at the end of last year was 100% funded.

Solicitor Clark replied that is what we were told yes.

Vice-Chairman Gatsas asked so if you were 100% funded and every one of these projections was right on and you used every nickel in every department because some departments...Fire could be very good like it was in FY05 and you have \$150,000 overage.

Mr. Ntapalis stated but it could be bad like it was at the end of the 90's when some of the presumption law cardiovascular settlements took place and they were very expensive.

Vice-Chairman Gatsas responded I understand that but that is when you go to the reserve fund. So we are 100% funded in the reserve fund so if your numbers are right the \$267,000 is merely a number that is there as a placeholder. A slush fund if you are wrong. Instead of using \$250,000 out of the reserve account we would use \$250,000 out of the Solicitor's account.

Solicitor Clark replied right we wouldn't hit the reserve account.

Vice-Chairman Gatsas stated you are right so if we said you are right because last year...did we hit the reserve account.

Mr. Ntapalis no I don't believe we did.

Vice-Chairman Gatsas stated so I am going to say you are pretty good at your estimations so I am going to say we can deduct \$266,000 and if we have to go to the reserve account for \$100,000 so be it because that is what it is there for and we can always work on the reserve again next year when we come into a budget cycle without any affect.

Solicitor Clark stated that is a decision for this Board.

Vice-Chairman Gatsas stated so we can deduct \$266,000 from you without any problem.

Solicitor Clark responded no I need a placeholder for my department.

Vice-Chairman Gatsas stated okay I will give you \$15,000. We can do that. If I add back in let's see...

Mr. Ntapalis interjected it has gone up about 10%.

Vice-Chairman Gatsas asked so if I give you \$15,500 you will be happy. Do you want more?

Solicitor Clark answered no \$15,500 is fine with me. That really doesn't affect my budget because I can't spend that money. It all depends on what happens with the worker's compensation claims during the year. If the claims come in higher than the number that you have budgeted or appropriated than we have to hit the reserve account.

Vice-Chairman Gatsas stated so the number you can live with is \$1,294,640.

Solicitor Clark asked and that is which number.

Vice-Chairman Gatsas answered that includes the \$15,500.

Solicitor Clark asked the \$1,546,073 minus \$266,000.

Vice-Chairman Gatsas answered \$266,000 plus \$15,500.

Solicitor Clark asked so that totally funds my request minus the worker's compensation.

Alderman Lopez asked can I have that number again.

Vice-Chairman Gatsas answered \$1,294,640, which funds his worker's compensation at \$15,500. I hope we are all going to use the same white sheet of paper when we come back.

Alderman Roy stated there is a problem Mr. Chairman. Harry when you...we started with Fire so I will stay on the same road as Alderman Gatsas even though I think we have two different sheets of paper. The Fire Department put in a request for \$405,000. The Mayor then put his budget together at \$393,000. That difference was that a change by the Mayor or was that a change by an industry professional?

Mr. Ntapalis stated it was a change by the Mayor.

Alderman Roy stated so the industry professional took every department and gave them the number, which they inserted into their departmental request.

Vice-Chairman Gatsas stated you should understand how worker's compensation works because basically it is based on wages. So if somebody reduces a wage, they are reducing worker's compensation. That is the way worker's compensation works. It is based on wages. If the Mayor has allocated different wages then he would reduce worker's compensation.

Alderman Roy stated I was very happy that you went with Fire because the only wages being changed there is a Business Services Officer and that is not going to effect a \$12,000 worker's compensation per year issue would it Harry.

Mr. Ntapalis responded no. I am not sure how many positions are taken out of Fire. I guess I am hearing one.

Alderman Roy stated that is the only one he has eliminated. I checked that before I spoke. That is the BSO moving to Fleet Maintenance. So that number, if it is \$12,000, would have to be picked up in another department.

Vice-Chairman Gatsas stated he has dropped his wages in that line item by \$700,000.

Alderman Roy replied but he hasn't removed any employees. He has moved the salary to the salary adjustment...

Vice-Chairman Gatsas interjected right that is where he has made his adjustment. His adjustment is based on wages so worker's compensation goes down. It is not an incorrect allocation.

Alderman Roy stated you are agreeing with me. We have a full complement of fire officers. 258 people.

Vice-Chairman Gatsas asked do you agree with me that worker's compensation is based on wages.

Alderman Roy answered yes I do.

Vice-Chairman Gatsas asked if somebody reduces wages then you reduce the worker's compensation number.

Alderman Roy stated but then in the salary adjustment line item that \$1 million set aside to make up for if there are no vacancies, which we heard on Saturday there will be no vacancies in Fire then that \$1 million has to include a line item for worker's compensation.

Vice-Chairman Gatsas replied no because you can go...

Alderman Roy interjected the Finance Officer is shaking his head yes.

Vice-Chairman Gatsas stated that is a \$12,000 number and I want to say that you can find \$12,000 in reserves or some other department. You are telling me that the allocation is \$15,500 for clerical, which is 42 cents or 45 cents per thousand.

Mr. Ntapalis responded in rough numbers yes.

Vice-Chairman Gatsas stated so when you look at that number and we have given the Solicitor \$15,500 for worker's compensation that is a much greater number than what he is supposed to have. He should have about \$3,000.

Alderman Roy replied that is an argument for another day because that is what the actuary and the industry professionals are telling us. What I am trying to explain is if we have a department at full complement and those salaries are there in one place or another in our budget but we are taking out a worker's compensation line item then there is a deficit in the budget.

Solicitor Clark asked can I just clarify the number you said. Was it \$1,294,640?

Vice-Chairman Gatsas answered yes.

Alderman DeVries stated without disclosing information that should be in our non-public session, lumpsum settlements would come out of that extra money if there was not enough left in a department because those can run into potentially hundreds of thousands. So if a worker's compensation line item in a department is expended in the past you would have gone to the City Solicitor's line. Is that what I understood you to say? No?

Solicitor Clark stated not in prior years because that was not placed in my budget.

Mr. Ntapalis stated well you would know first hand with the insurance committee where we have discussed particulars of sensitive settlements those are also taken into consideration. There are pending settlements that we are trying to negotiate right now and they are a large number. Whether or not the negotiations will be completed during the fiscal year remains to be seen but those considerations are in the actuarial overview for the departments. At the end of the year the Finance Department and our office do get together because again as I stated earlier there is no exact science and when you put the line item amount in a particular department some departments may overdraw that restrictive line item for compensation but others don't so there is a period of time in the month of June for reconciliation's. In other words you may take from if Fire happens to go over and Highway does not you may move some of the worker's compensation money to cover their shortfall before you try to tap anything else but sometimes the dollars that are set up in reserve and we were hoping that the buffer that was in the Solicitor's Office would have accommodated that prior to going to the reserve amount that has been set aside and that is why we had those dollars in there.

Vice-Chairman Gatsas stated in FY05 you budgeted \$321,000 in Fire. I am only using Fire because I have that in front of me. They only spent \$258,000. Where did the \$70,000 go from Fire?

Mr. Ntapalis responded I would imagine either to another department who needed it during the reconciliation.

Vice-Chairman Gatsas stated if every department had a credit like that...that is why it is very important to look at actual expenditures versus budgeted, where would those dollars have gone.

Solicitor Clark stated they would have been funded through the reserve.

Alderman DeVries stated so the current amount of the reserve account, what is that funded at. What is 100% funding for that account?

Mr. Ntapalis responded you are looking at a recommendation of about \$3.5 million roughly or \$3.4 million if you want to round it off and that is including the dollars that went into the prorations for each and every department plus the dollars we had in the City Solicitor's Office.

Mr. Clougherty stated the current balance of worker's compensation is \$2.388 million.

Alderman DeVries asked if we were to have several large settlements in a year and exhaust that is there a way to reinsure any of our large settlements other than the second injury fund in some of the...

Mr. Ntapalis interjected the only reprieve that we would get if we had large claims in any particular year such as a multi-injury claim that exceeds a threshold then we would go to what is called excess worker's compensation but that would not apply to a budget shortfall. That is just for a multi-injury claim that becomes very expensive and you exceed \$300,000 in that one particular claim, that is when you go to excess coverage, which we have in place but it would not apply here.

Alderman DeVries stated I have a question for Finance. Should there be some sort of horrific incident and we needed to expend the entire reserve how would you handle that if it was not applicable for the excess worker's compensation that Mr. Ntapalis just explained to us?

Mr. Clougherty responded if you exhausted the whole amount, which would be unlikely but you would be looking at your fund balance. You would have to start looking before you got to that at things like cutting line items as we have in the past.

Vice-Chairman Gatsas asked what is in the reserve account.

Solicitor Clark answered almost \$2.38 million.

Alderman DeVries stated so what you are saying is that looking at the fund balance we would have to have a freeze or cut back on the department expenditures so we could fund it from there. I just want to clarify that.

Solicitor Clark responded we are talking about worker's compensation here. There is no way the City is going to use \$2.38 million of worker's compensation in one year.

Alderman DeVries asked can I have clarification on that because I thought the last time we were in non-public session and talking about large lumpsum settlements that there was discussion about the reserve and that potentially large lumpsum settlements could have a major effect on that.

Solicitor Clark answered large lumpsum settlements could have an effect if you go over the total you appropriate and go into the reserve account but I don't see...either our attorneys who handle worker's compensation or the Risk Manager coming in with recommendations of over \$2 million in a year.

Alderman Duval asked what is the typical tale on worker's compensation claims.

Mr. Ntapalis answered you are probably looking at...the claims we have right now outstanding are about 125.

Vice-Chairman Gatsas stated I think he understands the tale is a little different than what you are explaining.

Alderman Duval stated I am talking about the shelf life of a claim if you will. What is the average? In the worker's compensation industry what is the typical standard for the life of a worker's compensation claim?

Mr. Ntapalis replied we are running maybe two and a half years. We do have a few out there right now that probably exceed a decade. There are probably four of them that exceed a decade.

Alderman Duval asked but usually in a few years they are settled.

Mr. Ntapalis answered yes after about four years they are usually done and so far we don't have outstanding, as far as active lost time claims, that are being paid each week. For a workforce of 3,400 individuals we probably have about 12 or 15 recipients each week. That is really not a major amount and of that amount there are some who exceeded a decade.

Vice-Chairman Gatsas asked did I miss Tom...did you talk about outside legal fees. Is that here?

Solicitor Clark answered it depends on what outside legal fees you are talking about.

Vice-Chairman Gatsas asked to hire an attorney outside to defend us like in the school funding issue.

Solicitor Clark answered that came out of my incidentals account.

Vice-Chairman Gatsas asked what about hiring someone for the Susan LaFond case.

Solicitor Clark answered those funds are appropriated through the CGL self-insurance fund. Every so many years the City goes out to bid for an administrator for its CGL program to run the program. That contract requires that they maintain associations with certain attorneys. They are the ones who pick the attorneys and it comes out of that fund. It is not in my budget.

Alderman Shea asked Kevin with all of our reserve funds when we have any kind of problem with any of trust funds or reserve funds how does that impact our bond rating. That is very significant because we do have a high bond rating and we want to maintain that at all costs.

Mr. Clougherty answered the rating agencies want to make sure that your funds are to the best extent possibly fully funded and that is based on an actuarial study that is done on a regular basis, which is what we are striving to do.

Alderman Shea stated fine so we want to insure that we keep our bond rating at the highest level we possibly can.

Mr. Clougherty stated you want to make sure that you are funding the actuarial report.

Alderman Lopez asked what is the total number for worker's compensation in the departments.

Mr. Ntapalis stated I am going to first give you a figure of what we put in for the FY07 budget and I won't include the enterprise or school. Let me give you that number. \$1.5 million or \$1.541 million. If you want to include...

Vice-Chairman Gatsas interjected \$1.541. What did we actually spend...what did you have for a line item budget for FY05 and what did you spend?

Mr. Ntapalis asked FY05 or FY06.

Vice-Chairman Gatsas answered FY05.

Alderman Lopez stated give us FY05 and FY06.

Mr. Ntapalis replied FY05 was \$1.4 million and that is excluding the enterprise departments and schools. We budgeted \$1.4 million.

Vice-Chairman Gatsas asked what did you spend in FY05. What were your actual expenditures?

Mr. Ntapalis answered the actual expenditures in FY05 might have been about \$1.3 million. I have to tell you that it is the dollars that I submit as spent to the Department of Labor, which we have to do each and every calendar year. We have to submit a filing and that filing includes previous claims as well as current expenses for medical and so forth. It has been averaging about \$1.5 million. Some years it is lean and might be \$1.2 million or \$1.3 million and other years it has been as high as \$1.6 million.

Alderman Lopez asked could you give us FY03 and FY04 and FY05. Not now but separately on a piece of paper. If we are going to change and I don't mind doing it but if you are going to change the philosophy that the Finance Officer has always told us that our objective is to have 100% and I don't mind taking \$500,000 out of worker's compensation and I don't mind taking more than that but if we are going to do it for one department then we better start looking at other departments because I think there is some money there. If that is going to hurt us and Kevin has always said that. Now if he is going to change his mind I just want to know what the ramifications are here. We have \$1.5 million...

Vice-Chairman Gatsas interjected I think we just heard from the professional who says we run about \$1.5 million. It could be \$1.3 million or \$1.2 million or \$1.6 million. The average is \$1.5 million.

Alderman Lopez stated the point I am making is we took \$266,000 minus the \$15,500 out of worker's compensation. Now if something happens in the Solicitor's Office he has to get it from the rest of the City before he goes into the reserves.

Vice-Chairman Gatsas stated I would say his calculation for FY07 must be \$1.7 million. What is your calculation for FY07 total without the enterprises?

Mr. Ntapalis responded for FY07 it is \$1,541,420. That is an increase of about 5.10% over the previous year.

Alderman Lopez stated I don't want to prolong it but Kevin if we take more money out of there what is going to happen.

Mr. Clougherty responded as I stated earlier the number you are trying to get to is the number that is being presented by the actuary. The reason that you are putting some money in each department is so that to the best of your knowledge you can estimate what that is. As Harry said that is difficult but the benefit of that is by having that line item in each department you actually know what they spent that year so you can account for it. So over a 10 year period and you have only been doing this for a few years, you will know what you are spending on health insurance and worker's compensation and all of these things and then your actuary will have better tools to do his work. The reason there was a number put into the Solicitor's budget was as was stated earlier if you are going to put salary adjustment for salaries there has to be some offset to apply to worker's compensation. That is why that number was put in there. So to the extent and Alderman Gatsas is exactly right it is based on salaries. If the Mayor reduced the salary numbers he reduced the worker's compensation number in the individual department but there is still the need for a buffer there of some amount so that if you tap into this...if the salary adjustment line is not calculated right or you need to do more you have something there before you start tapping into your reserves, which you are trying to keep at 100%.

Alderman Lopez replied I understand that. I don't know if you can do it but what is the safe...you have \$1.5 million in the FY07 budget for worker's compensation that is distributed out to departments. I think I heard you say 100%. Is that true?

Mr. Ntapolis stated we finally achieved 100%. For the longest time we never came close on reserving 100%.

Alderman Lopez stated my good friend Dave Wihby used to teach me that old trick to but if we take 30% out of that \$1.5 million that could be a good bet.

Alderman Roy stated Harry you put out the number of \$1.541 million for FY07. Is that the actuarial number of the Mayor's adjusted number?

Mr. Ntapolis responded that is based on the actuarial and that is what I provided to the Mayor and the budget team.

Alderman Roy asked do you have a total of what he put into his budget. Like in the case of Highway it went from \$405,000 down to \$393,000.

Solicitor Clark answered we can get those numbers for each of the last couple of years.

Alderman Roy stated it is just a philosophy on where you put the dollars so if we are going to separate salary dollars out into the salary adjustment account then we

also have to, because as Alderman Gatsas said it is based on income levels, we have to go ahead and put those aside as well.

Solicitor Clark responded we will put together a listing of what we budgeted for the last several years and what we had requested and what was spent.

Vice-Chairman Gatsas asked are you telling me that last year when you went to the budget in each department that you funded it at 100%.

Mr. Ntapalis answered we get a bottom line amount...

Vice-Chairman Gatsas interjected listen to what I am saying. Here is my question. There was no aggregate in the Solicitor's account last year?

Solicitor Clark stated let me just clarify that. He is looking at a sheet of paper that he provided to the Mayor's Office last year and it did have an aggregate for my office of \$250,000. That is not what I was actually budgeted.

Vice-Chairman Gatsas asked so that was taken out last year.

Solicitor Clark answered yes. Let us go back and look and find out where it went. That will be on the sheet that we provide to you.

Vice-Chairman Gatsas called for a five-minute recess.

Vice-Chairman Gatsas called the meeting back to order.

c) Human Resources

Ms. Lamberton stated I hope you all have the information I had sent to you through the courier. I had sent you what you requested, which was our budget with the Mayor's budget and the 3% reduction and then bullets behind it indicating the consequences to either one of the budgets. I also sent you a longer letter in narrative form about what the impacts would be on Human Resource and the City in general with any of the budgets. I just put on your seats there a little scenario that I did. It says on the top Human Resources in handwriting and at the bottom it talks about the amount of money that has been reduced in the HR budget since my arrival in the summer of 2001. I would just like to point that out to you right up front. Since I arrived here, my budget has been reduced 21%. It has not gone up it has gone down probably inconsistent with all of the other departments. I started out with 14 employees. I didn't feel that the City needed 14 employees and HR did not need 14 employees so I eliminated 3.5 positions in the first two years I was here. I am now down to 10.5 positions and they all work very hard

and their days are full. Before I say anything else I hope that you would allow Human Resources to retain our current complement of 10.5 positions. It works well and it works efficiently and I think you can see that because when you ask for reports you get them within 24 hours. If you start reducing the complement any more, that will not be possible. I will go first to my bullets if you would like. Do you have that? In bullet #1A it says the Mayor's proposed budget eliminates two professional positions and by the reduction in the salary line also appears to reduce another full-time position to half time. The two positions, the two full-time positions are the two gentlemen sitting behind me. One is the Chief Negotiator for the City who also has responsibilities in the School District by ordinance and the other gentleman is the Security Manager for the City. Again, his duties cover both the City and the School. I think you know that the City Negotiator negotiates 11 City contracts and participates in negotiations with 4 contracts in the schools. Currently there is a new bargaining unit being certified and I am sure that a negotiator will deal with that. Often times you need clarification from bargaining units as to which positions are appropriately put into that bargaining unit and that is decided at the Public Employee Labor Relations Board by a representative from the City and the School. Contrary to what people might think, you might think well currently we have a three year contract so what does this person do in those two years between contracts? Well it is called contract administration and what happens during those periods of time is after you complete your negotiations the first thing you are doing is running around trying to get people to sign contracts and then distribute them and the next thing you are doing or always doing is dealing with those employees who are going to file grievances. Department heads contact our Chief Negotiator every day to find out what they should in relation to a contract. People do file grievances. Grievances often times go to arbitration. Sometimes people file unfair labor practices. Sometimes we file unfair labor practices. So there is clearly an ongoing need for a negotiator to work for this City. I just can't imagine not having a negotiator here under any circumstances. The Security Manager...do you have any questions? How do you want to handle this?

Vice-Chairman Gatsas replied we can handle it any way you like.

Ms. Lamberton responded no you tell me.

Alderman Long asked the negotiator is also the mediator or arbitrator with respect to union services.

Ms. Lamberton replied are you asking me if he handles all of that. Yes he does. He does all of the grievances and all of the arbitrations and all of the briefs. Everything is so sophisticated now. You can't just go to arbitration and have two

witnesses. You have to go home and do a brief and legal research and case research.

Alderman Long asked your contracts are negotiated all at the same time.

Ms. Lamberton answered unfortunately yes.

Alderman Long asked and this new unit is going to be put in that.

Ms. Lamberton answered we won't know that until there is an election and it is determined whether or not the membership in that new bargaining unit is acceptable.

Alderman O'Neil asked this recommendation...I think the last time it was before us might have been 16 years ago or something like that. I think as we went through it we figured out the money that we would lose by not having David greatly...having David greatly outweighed that. I have had a concern for an awful long time how much department staff time is spent during negotiations, mediation, and arbitration supporting David. This isn't David's responsibility it is the department's responsibility to get information. I have never been given how many hours they spend on it but I have to believe it would double if not triple if not quadruple if David is not there. Having untrained people trying to handle these things...we lose enough as it is. We have one department that goes to arbitration regularly. I don't think they settle a grievance in the department. My other concern is and I don't know if this is fair for David or Tom Clark but in many of these cases they are going up against lawyers and I don't know if Tom or David can answer this tonight but what would it cost us to hire a lawyer per hour. Does anybody have a number? Can you get back to us on something?

Solicitor Clark stated we can get back to you on that. Just a quick guess off the top of my head you are talking a minimum of \$150/hour and that is at a discount rate.

Ms. Lamberton stated the City of Nashua hired a non-attorney at \$125/hour and they are now actually going to create a City Negotiator because there is a demand.

Alderman O'Neil stated in my opinion this is going to be not in the best interest of the City to lose the Chief Negotiator. When do the 11 contracts expire David?

David Hodgen replied the 11 City contracts as well as the 4 in the School District expire June 30, 2007, which basically means negotiations for the new contracts will start this summer or this fall at the latest. Hopefully they will be negotiated

before July 1, 2007 but that often is not the case and it depends on how difficult the finances are and how much time it takes to convince the unions to settle.

Alderman O'Neil stated I just believe this is a position we absolutely, positively have to have. On paper it is going to cost us money and we will never get answers on how much department staff time is spent currently and how much that is going to multiply without David. Thank you.

Vice-Chairman Gatsas asked the Yarger Decker report. I understand under Fair Labor Negotiations that if we are going to vacate or terminate the matrix of Yarger Decker that we must do that before we enter into a contractual bargaining season with the understanding that if we don't settle Yarger Decker stays in place until we come to an agreement. Is that correct? Here is my ultimate question. How do we get rid of Yarger Decker? I know Alderman Shea didn't vote for it and he hates it.

Mr. Hodgen answered with regard to the City unions since Yarger Decker essentially is a wage document and wages are a mandatory subject of bargaining the only way to get rid of it or to alter it is through negotiations, which means that has to be negotiated before it can be changed. The Board cannot change it unilaterally without being guilty of an unfair labor practice. There perhaps would be an exception with the non-affiliated employees who aren't represented who we do not technically have to negotiate.

Vice-Chairman Gatsas asked so if this Board because we would be in labor negotiations for next June 2007...

Mr. Hodgen interjected we would be in negotiations as early as this June but more likely September of this year to try to get it done before June 2007.

Vice-Chairman Gatsas stated to my colleagues on this Board I would be saying that at some point between now and June or even before then we should be taking a position that either we are going to continue with Yarger Decker or make it very obvious to you that that is not something we want to continue with in the future and find a different matrix that we want to live with.

Mr. Hodgen replied if the Board wants to go in that direction, the earlier it makes that decision the better.

Alderman Shea stated I would like a point of clarification if I may. When Yarger Decker came up I was in the hospital and I could not vote for it. The only one who voted against it was Alderman Hirschmann at the time but my objection to that...

Vice-Chairman Gatsas interjected I apologize. I just know that you have never liked it.

Alderman Shea stated the point I want to make is the reason that there was an objection on my part was that the classification and compensation were being negotiated simultaneous and the second point was that the Human Resources person at the time could not tell us what the cost would have been for the second or third year of that particular implementation. I explained at the time when we had previous meetings that it would not be to our advantage to approve something predicated on just what the cost was the first year. That is a point of clarification but I do have objections to it and I will say that.

Alderman DeVries stated I will take you back to the pertinent discussion this evening, which is the elimination of this position in your budget. The Mayor has he proposed with you in the conversations you had after the Mayor's budget came out how he felt because he is not here this evening. He clarified a lot but this didn't get clarified in his note to us at all. Did he indicate to you...

Ms. Lamberton interjected I spoke with the Mayor. I had a meeting with him last Friday and his thoughts were that we could get volunteers from the community to negotiate these contracts. I told him that I totally disagreed with him and that is not something that would be workable.

Alderman DeVries asked have you seen that approach done before – volunteers from a community.

Ms. Lamberton answered no. I have never seen where an employer of any sort would get somebody to volunteer for something like that. You need continuity.

Alderman DeVries asked so the state did they employee a negotiator or how did that work.

Ms. Lamberton answered yes the Manager of Employee Relations who works in the Division of Personnel.

Alderman DeVries asked have you checked with other comparable cities. I heard you say that Nashua is moving towards hiring a negotiator. Have you looked at others to find out if they have volunteers or negotiators on staff? I am just wondering where the trend is in comparable cities.

Ms. Lamberton answered the ones I am personally familiar with either have a negotiator or they have a town manager or they hire attorneys to come in and do their negotiations.

Alderman DeVries asked other than the volunteer suggestion that is all you know of why he made the...it looks like Alderman Garrity has an answer.

Ms. Lamberton stated I have no idea.

Vice-Chairman Gatsas stated for clarification at the state it is not just one negotiator.

Ms. Lamberton responded correct. There is help from the Commissioners that is correct.

Vice-Chairman Gatsas asked how many people sit on that negotiating team.

Ms. Lamberton answered it depends on how many people the Governor appoints.

Alderman Garrity stated I believe the City has used volunteers as recently as last year. I believe Mr. Cook volunteered to negotiate or help negotiate the work shift at the Fire Department – the 24 hour work shift. I believe he was involved in that wasn't he?

Ms. Lamberton responded that was no negotiations. Mr. Hodgen can clarify that for you.

Alderman Garrity stated well it was something in their contract that they weren't willing to...

Ms. Lamberton interjected I am sure Mr. Hodgen can clarify that for you.

Alderman Garrity stated let me finish my statement first because I was involved in the back room when we were talking about the firefighter's contract and Mayor Baines said Brad Cook volunteered to try and help get them through the impasse. Is that correct? We weren't paying Mr. Cook to participate in that were we because that is not the way it was sold to this Board?

Mr. Hodgen replied if the Board will recall the contract with the firefighters previous to the current one set-up a study committee to explore the possibility that firefighters would work a 24-hour schedule instead of the old 10-hour day and 14 hour night schedule. By the terms of the contract a committee was established to work out all of the language in the contract that would be affected by that and the committee was comprised of two representatives from the department and two representatives from the department and an impartial outsider who was a gentleman named Norman Turcotte and then because things were not resolved and

he left the area for a couple of months, Mayor Baines then asked Brad Cook to be the fifth person on that committee who admittedly had the capacity to make the deciding vote but neither Brad Cook nor Norm Turcotte negotiated anything. They only partially comprised a study committee to work out all of the work rules associated with the new 24-hour work schedule, which we are currently in on a one-year experimental basis.

Alderman Garrity stated I think it is fair to say that management wasn't really crazy about the 24 hour shift and after...I mean we brought Brad Cook in kind of late in the process when it wasn't really going anywhere. Is that a fair statement?

Mr. Hodgen replied I think frankly when Mr. Turcotte was involved both parties, both the union and the City submitted position papers to him and he ruled as he was the deciding vote. He in effect ruled in some instances for the department and in some instances for the union. I think frankly the union did not find that acceptable so they approached the Mayor and because Mr. Turcotte was out of town and the Mayor wanted to conclude things then he asked Brad Cook to become involved and with the assistance of Brad Cook we worked out those issues and we are now in the one year experiment.

Alderman Garrity asked and we weren't paying Mr. Cook a salary or anything were we.

Mr. Hodgen answered no but he wasn't the negotiator either and even if somebody stretched reality to say that he was, that would only be one of the eleven City unions that we are talking about and that was not negotiations. That was a committee to work out one aspect of the firefighter's contract.

Alderman Lopez stated I am not for getting rid of the Chief Negotiator. I spent four years on the HR Committee and I know what takes place and have been involved to a degree here and there. I think the general consensus is that we are going to keep our Chief Negotiator and move on.

Vice-Chairman Gatsas asked Ms. Lamberton have you had an opportunity to...I know that we are late into it but I would think that with the health insurance plan I would think that the obligation or the...you signed another one year extension and that contract comes due when.

Ms. Lamberton stated we had a three-year agreement with Anthem and that expires on June 30, 2007 so we will be putting in an RFP in the fall again for health insurance.

Vice-Chairman Gatsas replied so we are ready to start looking at some different scenarios before that RFP goes out so we should have that discussion in the HR Committee.

Ms. Lamberton responded absolutely.

Alderman Roy stated Ginny I have a question regarding the impact of the Mayor's salary line item. There is \$154,886 in the difference between your request and what the Mayor put out there.

Vice-Chairman Gatsas replied \$184,000.

Alderman Roy responded \$154,866 or at least that is what I have. So a difference of \$154,866 or \$184,000. The two positions you feel are absolutely necessary and what other impacts are there.

Ms. Lamberton replied in addition to these two positions I have just recently one of my employees retired actually on March 31. I need to fill that position in order to keep the operations running smoothly. That is an Administrative Assistant I position.

Alderman Roy stated I don't want to try to lead you down a road and people have talked about volunteers but in your professional opinion and I know you were with the state and you have now been with the City can we substitute anything but a full-time employee into the Chief Negotiator's and Security Manager's position.

Ms. Lamberton responded I have two answers to that. First of all, by federal laws you are not supposed to and Tom Clark can help me on this but you can't not pay people to do what you would normally pay people to do. That is in the Fair Labor Standards Act. Now does that mean that that doesn't happen? I don't know but I don't know how you would maintain any kind of sense of order if you had a whole bunch of volunteers coming in who were really not accountable to you or to you because that is who the negotiator is working for is the Board and let's say you had 11 different volunteers. Does that mean that you are going to have 11 meetings at night to give those individuals directions and then they find out that the employees don't negotiate at their time periods. The employees are allowed to take time off from work to negotiate so now you are going to have to find volunteers who are available from Monday until Friday during the workday. Again, I am not sure that is appropriate based on the Fair Labor Standards Act and what if they quit like Mr. Turcotte who had to go someplace right in the middle of something? Who do you find who has the history and the knowledge and there is also a lot of historical information, which is in our files about what was negotiated before and it goes on and on and on. The contract gets signed and say now

somebody files a grievance. Somebody has to be available to work with that grievance and they have to have the historical information, which should be in their notes and on and on and on. That is why people hire somebody to do it or they have a consultant to do it who makes all of that information available.

Vice-Chairman Gatsas asked the Assistant I...

Ms. Lamberton interjected the Administrative Assistant. I think it is a II actually.

Vice-Chairman Gatsas asked what is her base salary right now.

Ms. Lamberton answered she is retired.

Vice-Chairman Gatsas asked what was it.

Ms. Lamberton answered \$30,000 or \$32,000.

Vice-Chairman Gatsas asked what is the entry level.

Ms. Lamberton answered the entry level would be \$27,000.

Vice-Chairman Gatsas asked how many years was she with you and she just retired.

Ms. Lamberton answered 22 years.

Vice-Chairman Gatsas asked and she was only at \$30,000.

Ms. Lamberton answered it was in the \$30,000 bracket. I don't remember off the top of my head to be honest with you but she had been part-time for a long time and then she came to HR. I really don't know her salary history. Maybe it was in the high \$30's. It wasn't a high salary.

Alderman Roy asked what was the employee's name.

Ms. Lamberton answered Pat Freitas. I have some other comments about the Security Manager. The Mayor's budget also proposes that the Security Manager position be eliminated...

Vice-Chairman Gatsas interjected let me first ask you what is the Chief Negotiator paid.

Mr. Hodgen stated \$1,708 per week or about \$89,000 a year.

Alderman O'Neil stated \$88,847 it says here.

Vice-Chairman Gatsas asked and the Security Manager.

Alderman O'Neil answered \$70,755 it says.

Ms. Lamberton stated nonetheless if we look at the Security Manager's responsibilities it is my understanding that the City decided in 1999 that they wanted to have a coordinated effort for purchasing security equipment and having security equipment bought so that it would talk to each other and there were other issues, which I am not familiar with because I wasn't here at that time but I can tell you that now the City has over \$1.5 million worth of security equipment, which includes access and cameras and all kinds of devices that provide security for the City and also the School District. Red Robidas, the current incumbent, puts out RFP's for all of the security equipment. Other divisions and departments utilize that equipment and he makes sure it gets installed and makes sure that the equipment is maintained. We have an enormous computer situation in our office that beeps constantly to tell us that somebody doesn't have access to something and can't get in or out like at West High School if they are having a football game or something and somebody has left the doors open and somebody else just came in. It tells us that stuff and the coaches call and they want to have access and on and on and on.

Vice-Chairman Gatsas asked is there a chargeback there.

Ms. Lamberton answered no anymore.

Vice-Chairman Gatsas asked what do you mean not anymore.

Ms. Lamberton replied Kevin can probably answer that question better than I but I think when the School District and the City separated we were not allowed to chargeback for Red's services anymore. Is that correct Kevin?

Mr. Clougherty responded it was part of the administrative services agreement as part of the court case.

Vice-Chairman Gatsas asked so when a coach calls here and they get Red he has to go to the School District and there is no chargeback.

Mr. Clougherty answered that is right.

Vice-Chairman Gatsas stated well they really should become a department of this City.

Mr. Clougherty stated I am not saying it is right. I am just saying that is what the agreement was. At the time the security was in HR and the agreement was that HR and Finance and the Solicitor would not charge chargebacks.

Vice-Chairman Gatsas stated but wait. Right now they have their own HR correct so there is no utilization by the School District on you?

Ms. Lamberton responded no.

Vice-Chairman Gatsas stated there is no utilization of the City Solicitor anymore.

Solicitor Clark replied on occasion we do get legal questions.

Vice-Chairman Gatsas stated I guess if we eliminated the position then they would have to hire their own person and once they hired their own we could hire somebody back. That is basically what has happened. They hired their own HR person without a worry of what that savings would be. They hired their own legal staff and weren't concerned about using our staff here because that is an influx of taxpayer dollars but they still use Red and we can't charge them back for that. That doesn't make any sense to me.

Alderman Lopez stated well that is the court law. What are you going to do? Go to the judge and ask him to reverse it.

Vice-Chairman Gatsas responded I understand that but my point is they have already gone out and gotten their own HR Department. Not because we told them to go and do their own but because they made that choice. We didn't tell them that they couldn't use the Solicitor. By choice they have gone out and done that. Those two functions, the last time that I think that Alderman O'Neil, myself and I forget was it Alderman Shea we went there with Alderman Wihby and those two departments were somewhere around a \$600,000. That conversation came up and it ended within the hour and we never went back.

Alderman Lopez stated I know but we are beating a dead horse. The City Solicitor is right behind you. It is the law. What are you going to do?

Vice-Chairman Gatsas replied let me ask the question. Tom, if we eliminated our security person we would not have to functionally do anything with the security of that box that beeps all of the time in Ginny's office that tells them or having a coach call here. Is that correct or incorrect?

Solicitor Clark responded as I understand the equipment it is not just schools. It is all City buildings.

Vice-Chairman Gatsas asked do we have to offer the service. If we don't have the service do we have to offer the service?

Solicitor Clark stated we are not required to have a security service in any building. That was a benefit that the City made a conscious effort to do.

Alderman Lopez stated I think if we go to Page 6 the additional duties that the Security Manager does if you get rid of the Security Manager you have all of these other things that somebody is going to have to do like the Wellness Program and maybe Ginny can capitalize on that.

Ms. Lamberton responded I almost just wish we could have gone with the narrative. I just want to point out to you that the City has accepted a lot of money from Homeland Security. The current incumbent is an individual who has a knack for writing grants and he has participated in getting the City about \$500,000 from Homeland Security. Now we accepted that money and our agreement with the federal government is that we have to maintain that equipment as well so that is part of the incumbent's responsibilities is to maintain that equipment or make sure that it gets maintained. In addition to doing the security duties, the incumbent has also done a variety of other duties in Human Resources before I got there and since I have been there. He is a more than willing individual and quite delightful to work with. He also does our medical, we call it medicals which is attached to this sheet of paper. If you read the bullets it talks about the physicals, alcohol and drug testing and all kinds of things that we spend \$100,000 a year on. We are required by federal law to randomly test our commercial driver's license people and then we have at least one other collective bargaining agreement that we will do random drug and alcohol tests and then we have other kinds of medical stuff that has to be accomplished. Red manages that. This position manages all of that and makes the contacts when a person does test positive. He is the contact person and works to make sure the person gets help, etc. He has also been known to do investigations when we have employees that complain of harassment. I have sent him on a few myself and he has done reports and reported back to me and the department head on what he has found.

Alderman Lopez stated with Access Manchester you had a person that he assumed those full duties from.

Ms. Lamberton responded yes. Actually we shared those duties for Access Manchester and the ADA. We get calls from people saying that they have ADA issues and we get out there as quickly as we get the call.

Alderman Lopez stated the last thing I want to mention is the qualifications of this individual. You are not going to get somebody volunteering with qualifications like this I assure you. We changed...even as a security officer for the Airport if everybody remembers what we did for that security officer we changed the ordinance and gave the guy four weeks and then changed the ordinance back. I think the qualifications, the high caliber individual, if the City loses this individual the security with Homeland Security and everything else we are in trouble.

Alderman O'Neil stated I want to start out by saying I absolutely positively 100% believe Red is an asset to the City of Manchester. I do have a concern that I have shared with Ginny and I think I have shared with Red. I hope I have. His responsibilities have kind of been fluid over the years. He started out where he had some responsibilities with Airports and he doesn't have that anymore. Ginny has outlined some of his additional responsibilities from overseeing the City's medical services to the drug testing. Probably in those two cases of additional responsibilities they are HR functions. Harassment investigation – employee harassment investigation is probably an HR function. The problem I have and this doesn't reflect on Red but the system that I have an issue with is some of these responsibilities in my opinion are part of the Facilities Division. Access Manchester if it is a building it is part of the Facilities Division. If it is out on the streets it is part of Highway's responsibility. Curb cuts and all of that. I personally and again I have talked to Red about this over the years I think a security system is no different than a fire alarm system, which is part of the Facilities Division. So I think we need to keep Red. I think we just need to make some determination over a period of time of where are his services most needed. Again, I don't think somebody in HR should be doing Facilities work and I don't believe somebody in Facilities should be doing HR work. He has been a willing employee and has offered and maybe been recruited to take on some of these additional functions without complaining. He has taken them on. He hasn't come back and asked for a change in grade or salary and I think he should be commended for that. Again, I have a bigger issue with the structure of the many hats he wears. I will leave with this and again this doesn't reflect on Red but I watched one night the School Board. It must have been...somebody help me out not the Joint School Buildings but Building & Sites maybe. Is that the in-house School District Committee but they were having a discussion about their CIP request and they were talking about school buildings and three different City people had to get up to answer about it. Tim Clougherty, Red and Chuck DePrima talking about the same building. To me that shows that the system isn't as well

run as it should be. Again, I want to make it clear that Red belongs working for us wearing some hat. Thank you.

Alderman Pinard stated Ginny God forbid but if something were to happen to Red who is in a position to take his job. Is there anybody that he has trained?

Ms. Lamberton responded we are very small. Red has a Master's Degree in Security Management and he is also certified in that position and that is what we would look for if he was not here.

Alderman Pinard asked what happens if Red is in California and something happens in one of our buildings. Who would respond?

Ms. Lamberton answered he responds. He has a cell phone that he takes with him. I think he sleeps with it.

Alderman Pinard asked so he would fly back from California.

Ms. Lamberton answered he would. He also has a laptop he takes everywhere with him.

Alderman DeVries asked which scenario requires you to eliminate those two positions.

Ms. Lamberton answered that is the Mayor's budget. The 3% reduction doesn't do much for me either because it requires me to eliminate \$52,000 so I would still have to get rid of at least one full-time person, which looks like the Administrative Assistant but I still have to come up with more money so that is not really helpful to me in the salary line item. Overtime we put in for a little bit of overtime this year. We had overtime in other years and we used it sometimes and sometimes we didn't. It just depended upon our staffing. It would be nice...I definitely will need overtime if I don't get my Administrative Assistant position because there is a lot of work that needs to be done and that is the level that we would be having the work done at so I would need some money in the overtime account if the Administrative Assistant position is not funded.

Vice-Chairman Gatsas asked what is the \$25,000 for contract manpower.

Ms. Lamberton stated that is for the Homeland Security equipment that we have that the warranties are running out. It is to provide service and repairs to that equipment. That is where we were told to put it. We didn't have anyplace else to put it.

Vice-Chairman Gatsas asked what is it for.

Red Robidas, Security Manager, answered what that money is for is for repair and/or replacement of any security equipment we have on the City side, not on the School District side, for any Homeland Security funds or equipment that we have. Part of our obligations with Homeland Security is when we accept the grants we have to accept the maintenance and repair of such equipment in order to be in compliance with Homeland Security. Homeland Security just as a clarification we are not allowed to use in any School District facility. We are only allowed to use them in City facilities. If I may just respond to Alderman Pinard's question about what we do if I am in California.

Vice-Chairman Gatsas asked how long have we had Homeland Security equipment.

Mr. Robidas answered over the last two or three years.

Vice-Chairman Gatsas stated my question is what is contract manpower for.

Mr. Robidas replied I can't explain the line item. The reason we are asking for it is when I put out the bid specifications I mandated that all of the equipment we bought would come with a three year warranty whereas most times it only comes with a one year warranty from the manufacturer. My bid specs require a three year warranty, which saves us money obviously for two years. Many of those warranties start to fall off over a period of time obviously because all of the equipment was not installed at the same time so the \$25,000 is the only place we have and I discussed this with Randy Sherman last year is that we literally have no source of money to make any repairs on any of our equipment because as Kevin can tell you they prefer that we not use any CIP funds for repair because they don't want to bond repairs, which makes sense. So we had absolutely no line item allocated for any repair cost for any of the equipment that we own on the City side. If I may respond to Alderman Pinard. Just to clarify when he asked what would happen if I were in California and Ginny said I carry a laptop the laptop is literally programmed with all of our panels and all of our equipment so I can dial into the system anywhere I am anywhere in the world as long as I have access to either a T1 line and/or telephone line. To give you a recent example when I was away on vacation this winter and I didn't take a summer vacation last year because of the construction that was going on, I literally carried the laptop with me on vacation and it stayed in the hotel with me just so I could dial in when issues came up. I am the only person that is on-call on the District side and the City side for 24/7 and there is no cost because I am an exempt employee. So my cell phone literally comes with me and my laptop literally comes with me anywhere I am.

Vice-Chairman Gatsas asked is there a health benefit associated with it.

Ms. Lamberton answered yes.

Vice-Chairman Gatsas asked isn't that available to you under retirement.

Mr. Robidas answered we have discussed that and that is a state thing. The state will not allocate to the City. Ginny can probably explain that better. Jane LaPerle has discussed this with the state before because as you may or may not be aware there are some police officers that retired and were rehired by the Police Department as civilian dispatchers. We are entitled to, under the state retirement system, as a benefit towards X number of allocated dollars. The state has refused to provide that money, which has been requested not only for myself but for other employees to help offset our benefit costs. That is a decision the state has set. I don't particularly agree with it. We are entitled to the benefit and it is funded but the state will not give that cost to the City.

Vice-Chairman Gatsas asked if you were retired and not working you are entitled to a health insurance benefit through state retirement.

Mr. Robidas answered I would be entitled to a subsidy and not the entire benefit because we are not state employees. So as a Group #2 and/or Group #1 member we receive a subsidy and not the full benefit.

Vice-Chairman Gatsas asked how much is that benefit.

Ms. Lamberton answered it used to be enough to pay for a Matthew Thornton Plan but it is not anymore. I think it is like \$100 or \$200 less per month. I don't recall off the top of my head.

Alderman DeVries stated my question is for the Security Manager. You have been involved in many of the grant applications that have gone in from the City. A lot of those were specific to plans or I know you were involved in looking at the protection and the security issues surrounding the Police Department and the Fire Department and the federal court house within a block. Is that something that if you were not employed as a City employee would have required a consultant to design?

Mr. Robidas replied yes because there is really no one in the City who has the expertise or the knowledge that we have. What is very important with Homeland Security and these are things that they look at and part of their point test for criteria is that everything we do is interoperable from department to department and everything we do has to be an extension of what we have in place so the

systems don't become independent and I will just use this as a crude example but what happened on September 11 what they are basically looking at is one system cannot communicate with the other system. That is a point criteria that they ask us very specifically in the grant application. Will this work, what we currently have in place and can other departments utilize the same equipment and be part of the same network.

Alderman DeVries stated the system that you are designing is somewhat akin to a fire alarm system. Does that require any additional expertise in order to spec them out because I know the Communications Division at the Fire Department is involved in all of the panel design and oversight. It is not the Building Maintenance Division of Facilities Division. Is there expertise for the types of systems that you design and purchase for cameras, buildings, alarms, and other security issues?

Mr. Robidas responded very much so because whatever we utilize understand that I meet with the departments prior to us even making a request either to Homeland Security, CIB funding or whatever the source of funding may be. We try to determine what their needs may be and then I go back and match the material to what I believe is reasonable and what their needs may be for the specific department and the equipment is very complex like most security equipment in this day and age. You can have a variety of brands or a product but unless we know specifically what we are buying and we know specifically how it is going to integrate and/or not integrate we could really end up with a hornet's nest. A quick example of something that was being worked on this past winter is when I left for vacation we had a project that was well underway and someone from the outside recommended to one of the departments that you ought to add this component to the installation you are doing and they called the salesperson and the salesperson if it has not been a reputable person that we were dealing with the department called them and said well somebody on the outside told us we should add this component to our security equipment and they said you don't need it. It is a \$3,000 component. They said we will put it on the proposal to show it but we are not going to sell it to you until Red gets back and you discuss it with him and I came back and looked at it and said no it is absolutely a non-necessity. That would have been a \$3,000 item, just one item alone, that we would have bought that we had no need to purchase.

Alderman DeVries stated one last question if I might. There seemed to be an indication about the fact that you do do a lot of work in the design-build that helped us to secure several of our buildings and I think actually it helped us make an arrest for some of the damage that was done at Central High School last year because that was caught in the new alarm system that you design but did you have a conversation with the Mayor where he indicated to you after this proposal came

out that it had something to do with the school chargeback issue? Is that what he indicated when he spoke with you?

Mr. Robidas replied I have never had any conversation with the Mayor regarding security. I have never had a conversation with the Mayor at all other than seeing him at E&R Cleaners one day.

Alderman DeVries asked so during the budget process was there a discussion about what you do or was that with...

Ms. Lamberton interjected no there was not. There was no discussion about either of the positions.

Alderman O'Neil stated I just want to make a clarification and again I have installed alarm systems at the nuclear plant as a licensed electrician at the same time I was installing fire alarm systems. It is not that specialized. It is usually part of the entire electrical package. That is how the private sector would handle it. They may break it up and sub out pieces of it because they might think they can get a better buy for it but it is usually part of the electrical package. I just want to make that clarification.

Alderman Lopez stated I think you know the question I am going to throw out. When she does her budget to include the Chief Negotiator and the Security person what number are we going to give her, her budget or do you want to subtract something?

Vice-Chairman Gatsas responded I am subtracting \$28,000 for the City contributory, \$25,000 for contract manpower because I think there was enough in contingency if you have a fatal flaw that we need to fix. That would be in contingency. I guess somebody has to explain to me what unemployment compensation...have I seen this in other departments?

Ms. Lamberton replied.

Vice-Chairman Gatsas asked why do I see it in yours.

Ms. Lamberton answered because Human Resources has a centralized budget for all of the unemployment.

Alderman O'Neil stated it must be similar to that worker's compensation situation.

Ms. Lamberton replied actually what you heard because we talked about it somewhere else along the line here is that there is not enough money in the current

budget to pay for our unemployment for this current fiscal year and I think I mentioned to a few Aldermen that I will be sending a letter requesting money from the contingency fund in order to meet our obligations for this current fiscal year. I also had sent you my letter, the narrative describing the shortfalls, which was much more expansive than this and attached to that was...what I had done was gone through all of the departments that seem to have a fair fake out of lack of salary and I figured out average salaries for those departments and I was concerned that there would be about 90 full-time equivalent positions that wouldn't be available anymore and if that happened one way or the other, whether it is in the beginning of the year or the end of the year then you are going to need to budget money for unemployment at much greater amount than is currently budgeted and probably a lot more than I am even going to ask you for for this fiscal year. We usually had \$40,000 in our unemployment account and that was okay. We spent \$38,000 or \$39,000 and one year we had less than that but this year we are \$11,000 in the red as of February and I don't know what is going to happen. I don't know how many positions are vacant and have been abolished. I don't know how many people are not going to have jobs. I am saying to you that we need to have funding...once we have those answers then we can put in the appropriate amount for unemployment but until I have those answers I can only tell you that you are not going to have enough money based on if nothing changes.

Alderman Lopez stated I just want us to be on the same page. The \$1,103,016 minus the \$53,000 that is the number you can work with for your salary?

Ms. Lamberton responded yes I think that will be all right.

Alderman Lopez stated we will take \$53,000 off of that and that is what you can work with as far as I am concerned. This other issue of...

Ms. Lamberton interjected I am still concerned about unemployment.

Alderman Lopez stated right you are still concerned. Do you have a number that we are looking at? Well you don't know until we get done anyway so that is a figure forthcoming.

Ms. Lamberton responded that is a last minute.

Alderman Lopez stated right so once we make our decisions on a lot of other things.

Vice-Chairman Gatsas asked do you want my numbers.

Alderman Lopez asked do you have some more.

Vice-Chairman Gatsas stated well she told me that this employee was in the high \$30's and the starting pay for that Administrative Assistant is \$27,000. I pulled out some \$15,000 out of salary.

Alderman Lopez asked \$15,000 more.

Vice-Chairman Gatsas answered yes so we are at a total of \$67,757.

Ms. Lamberton asked where are you taking those numbers from. I am not with you here. What are you looking at?

Vice-Chairman Gatsas answered I am looking at your \$25,000 that you have for contract manpower. I removed that. I removed \$15,000 from your salary line for that person that was retired at a higher pay. Obviously I haven't allocated any time span in there so we will leave it at that and maybe we will talk about that next time. Also some \$27,757 out of your City contributory fund.

Ms. Lamberton responded I am going to be short in that. I am already short in that.

Vice-Chairman Gatsas stated that leaves a number of \$1,035,250.

Ms. Lamberton asked may I indulge a little bit more.

Vice-Chairman Gatsas answered we are going to the next department. You can come back with your recommendations on the yellow sheet.

Ms. Lamberton responded this has to do with something that is very important to a lot of employees and that has to do with over the years the City has...

Vice-Chairman Gatsas interjected is this going to cost us money.

Ms. Lamberton replied potentially. It depends on your mood. It has to do with employee training, our employee newsletter...

Alderman O'Neil interjected CIP.

Ms. Lamberton stated I just want to make you aware that unless somebody does something we will not have a newsletter and I will have to put last issue on the next copy.

Alderman Lopez asked could you send that to the Chairman of CIP.

Ms. Lamberton stated I have the numbers and I could give him a copy.

Alderman Garrity stated we are going to strictly adhere to the agenda on Wednesday and Thursday nights so maybe in May.

Alderman Lopez responded add it to your agenda. What is the difference?

Alderman Garrity replied I am going to strictly adhere to the agenda. A memo went out.

Ms. Lamberton stated well I had proposed that in the CIP funding and I found out through the grapevine that it wasn't in there.

Alderman Lopez stated that was in the request for CIP already.

Alderman Garrity asked was it funded.

Alderman Lopez answered it wasn't funded by the Mayor.

Ms. Lamberton stated it has been funded for the past four or five years.

Alderman Garrity asked through CIP.

Ms. Lamberton answered yes.

Alderman Garrity asked what is the amount.

Ms. Lamberton answered it is \$37,000 now. It had been more than that but \$37,000 worked.

Alderman Garrity stated I will give you a call tomorrow.

Alderman O'Neil stated before Ginny steps down and this doesn't have to do specifically with her department. It is great that we are getting the vacancy reports but is there anyway we could get a cover page to track over the next few months if...there are going to be changes correct? I don't want to say daily but weekly. Is there a way Ginny we can make it so that it will highlight that there are changes from the previous...

Ms. Lamberton interjected you mean like see page ? or a summary.

Alderman O'Neil stated maybe a cover page that keeps track of the vacancies from when this thing started. We are on the third week now correct and unless I got in there and went through every single one there is no way to tell if there are any additional vacancies.

Ms. Lamberton responded I can just summarize it...

Vice-Chairman Gatsas interjected just color code. If there is a vacancy that goes in put it in red.

Alderman O'Neil stated I want to be able to track it as the weeks go on.

Ms. Lamberton responded I will figure something out and I will show it to you and you can tell me if you like it or not.

d) Office of the Tax Collector

Joan Porter, Tax Collector, stated for those of you who don't know here, Pat Harte is the new Deputy Tax Collector as of February. We did work on the salary breakouts that you were asking for earlier Alderman Gatsas. We do have a breakout with individual benefits per employee with health insurance for single family or whatever. Each employee she has broken out on a spreadsheet. We did begin with a zero budget and for this year it was good for us anyway because Pat was beginning the process and she felt comfortable building from the ground up anyway. Our salary request this year is \$30,000 less than our salary request from last year because we had two long-term employees retire. I do truly understand the dilemma that we all face. We must provide services to the taxpayer with a watchful eye towards what the taxpayer can afford. I am a taxpayer. As a department head I have also been aware of this dilemma. You want to know what this department can live with and my answer is we can live with the budget we received but the quality of that life is what I will discuss tonight. We can thrive and continue to progress. We can keep our heads above water or we can be on a ventilator. I hope you will help us to thrive. The report I submitted to you is based on experience. In the early 90's we were very short staffed and had very long lines each and every day. Some spilling onto Elm Street as I am sure many of you remember. Those long lines and the stress involved resulted in employees being so drained that they were frequently ill. More recently when we do have lines we can correlate it to the fact that we are short one or two clerks for whatever reason – vacation or sick. Decreasing staff today assures us of long lines. On days of reduced coverage we have surveyed and concluded that one person short in the clerks generally leads to a back up of about 20 minutes and we have done this when we had long lines and figured out how much the back up is. We have made great strides at efficiency and at cross training. Every supervisor and there

are three of us, is a working supervisor meaning we all wait on customers, answer phones or do whatever is necessary to get the job done. Customer service is our number one priority and as such we have made efforts at efficiencies. We took one full-time position and made it two part-time positions, which saves us benefits. It also provides us approval for full-time replacements. We eliminated a Senior Clerk position and merged it with the Second Deputy position and that is the position we have vacant today. It is called the Administrative Services Manager position now. We eliminated an Administrative Assistant II and divided those duties among other staff. We reduced counter positions from seven full-time positions and two part-time to five full-time and two part-time. We have added three phone lines so that customers don't get a busy signal. At the same time that we did all of these reductions, the number of taxable parcels has increased. The number of cars registered has increased by 15,000 since 2003 and we have added programs. Programs that we have offered since we made these deductions were we are a municipal agency where you can now get your decals right in our office, the ability to mail in your registration, the ability to go online and inquire about your real estate taxes and the ability to go online and register your car. How do we do this? We have trained, experienced staff and very low turnover. Our motor vehicle program was written by our City Programmer. It excels in efficiencies. The addition of an automated phone system with direct access extensions and voicemail. We also have the use of mail and online registrations, which reduces customer traffic and we have the online property tax inquiry. To give the best possible service at the best possible cost we need to continue to have training available to our staff and allow them time to be trained and we absolutely need the technology of our Information Systems staff. The City is not paying for software or licensing or updates to our motor vehicle program because the program was written by IT staff and it is supported by them. If we have a problem, they are there and it is fixed. The program is so well written that a renewal takes about three minutes from start to finish and it has been built-in checks so it is difficult to make a mistake. How do we put a dollar value on that? In my report I showed you that fees, not tax dollars, pay for roughly 70% of our budget. These fees are collected by us through auto registration. They are fees which supplement paving and parking budgets but the legislature authorized us a portion to support staffing. So that is only a portion of the fee we collect that supports the staffing in our office. To fully fund my request, only \$238,000 would be from tax dollars. As I stated in my report, that is about 4 cents on the tax rate if you use the old tax base and 2 cents on the tax rate if you use the new tax base. This does not include all of the revenues we collect, which are close to \$200 million. I wish we were an Enterprise. Seriously to fund my request would allow us to thrive and expand services with the goal of further reducing staff as we have already done as taxpayers take advantage of our new programs. To do that, the programs need special attention, which encourages participation. We give special attention to the mail-in registrations and to the e-registrations to the best of our ability. Our first

priority are the customers in line. To do that the programs need special attention and that encourages the participation. If response is low on our part then participation will be slow, which result in more people coming into the office. I would also like to add that our salary request this year is \$30,000 less than last year because of those two long-term employees I mentioned who retired. The 3% reduction of the FY06 budget would have an impact...we actually changed these figures slightly today from what you have because we got the new benefit numbers today. So we are telling you the difference between our request and 3% of the FY06 was \$45,151 and it is actually \$52,295 because the benefits were increased today. It is still going to be the loss of one full-time Customer Service Representative and I don't have to read all of the bullets to you but what I am saying to you is the same as what is in the bullet. It will undo all of the positives we have achieved in improved customer service, rapid response time and a pleasant atmosphere for the customers and employees. We will end up having to revert to a backlog of mail, which will result in longer lines and either we are going to need overtime or comp time and that is up to the employee. In the old days we used to just tell people we didn't have overtime and they had to work but we have been straightened out over the years and found out that you don't have a choice. If the employee wants overtime they get overtime and if they want comp time they get comp time but it is their choice and not ours. So we would need more money in the overtime budget because that could be asked for and comp time could be kind of ridiculous if we have long lines and they can't take the comp time. We have in the past had this situation and clerks were so stressed that they were exhausted and became ill easier and in some cases had long-term illness. It is just...I think that we have done a really good job at reducing staff in our office. We have merged positions. We have consolidated duties. I think that we are probably at the complement that is best for now. I think if we can improve the online registration participation and if we can get more people to participate by sending in their registration by mail, which we have been trying really hard to do, the more we can reduce traffic in the office the less people we need at the counter. We definitely are heading in that direction but I think we would be taking a step backwards by reducing staff. The Internal Auditor when he came in and audited us agreed. In fact, he told me that he thought we needed more staff now and I told him that we didn't. We didn't need to add to the staff we have but we can't afford to lose staff at this time. If we go into the Mayor's proposed budget, the number that I gave you was \$93,160 for a difference but with the new health benefit things that we got today the difference is actually \$100,304. It is about a \$7,000 with the new numbers we have. That would result in the loss of two Customer Service Representatives, which I think would be horrendous. Two less Customer Service Representatives on the counter there would be no way we could keep up with the traffic, the mail and the online registrations in a practical manner. I think everyone would be running in every direction and overstressed. Besides the customers we have in line, we have many businesses who are constantly dropping

off hundreds of registrations and they need those quickly. They can't afford for us to say well it might take a week. They need them right away and we know that and we cater to that. I think that is probably why for the most part none of you get many complaints on the way people are treated in our office. At least I would hope not. I think in conclusion I can say that we do more with less staff than both the City of Concord or the City of Nashua. We have compared both. The average auto registration count per clerk in Manchester is 9,750 a year if we want to put a number to it. In Nashua, it is 7,280 and in Concord it is 5,410. I think also we have to consider that to a slight degree we are also going to be impacted by the revaluation because when there is a revaluation we get the questions and complaints first and we will be getting a lot of phone calls when the new numbers go out and when the new bills go out. We will be getting correspondence with and on all of our bills and we will be doing a lot of explaining at the counter so the new revaluation will impact us as well. I think that is pretty much my presentation.

Alderman Lopez stated give her a number.

Vice-Chairman Gatsas stated five registrations per hour based on a 35-hour week based on the numbers she gave me. That is pretty efficient.

Mrs. Porter responded but registration isn't all we do.

Vice-Chairman Gatsas stated based on the numbers you gave me and the number of registrations I am saying that is pretty efficient.

Alderman O'Neil stated for clarification you have one vacancy today and that is the Administrative Service Manager.

Mrs. Porter replied yes.

Alderman O'Neil asked that has nothing to do with the reorganization you have done over a period of time. Those are separate issues completely?

Mrs. Porter answered except that that position is the combined position of what we used to have as a Second Deputy and a Senior Clerk. We took those two positions and made it that position.

Alderman O'Neil asked if there was a loss of position is it that vacant position.

Mrs. Porter answered my plan would be to fill that position because that position is crucial to the counter area out front. It is the supervisor out front and that persons assigns the duties to those who are going to be working on e-reg for the

day and doing deposits for the day – all of those duties. In addition, that person takes on the responsibility of handling all of the police and businesses as they drop off their registrations. Most of the time that person will focus on doing those herself and the counter staff will handle who is in line or the online registration or the mail registration. She will focus on the businesses to make sure someone can stay on it and not be interrupted.

Alderman O'Neil asked but if the Mayor's budget is the number you receive, the two positions come from Customer Service.

Mrs. Porter answered yes.

Alderman O'Neil asked and there are incumbents in those positions.

Mrs. Porter answered yes.

Vice-Chairman Gatsas asked the vacant position, how long has it been vacant.

Mrs. Porter answered since February. Pat was the incumbent and she became the Deputy when the Deputy Tax Collector retired in January.

Vice-Chairman Gatsas asked since February have you had any response to filling it.

Mrs. Porter answered we haven't been able to fill it yet. It is frozen.

Vice-Chairman Gatsas asked what is the salary.

Mrs. Porter answered the entry level would be, with all benefits, \$45,082 but we would be moving a Customer Service Representative up to that position. One who is doing the job now on the counter would be doing that so it wouldn't be entry level. It would be \$74,142.98.

Vice-Chairman Gatsas asked does that fall within your department request.

Mrs. Porter answered yes.

Vice-Chairman Gatsas asked so the \$74,142.98 falls within your department request. What does that leave for the vacancy number in the position below it?

Pat Harte, Deputy Tax Collector, stated the department request if I may is our full staff.

Vice-Chairman Gatsas replied I understand but you just moved somebody up. That person that you moved up is there somebody to move up and replace them?

Ms. Harte responded we have a part-time position that would go to full-time.

Vice-Chairman Gatsas asked and how much is that part-time person making.

Ms. Harte answered the salary is \$14,123 and with benefits it comes out to \$16,924.

Mrs. Porter stated that is for 20 hours a week. She would move up to an entry level full-time Customer Service Representative.

Vice-Chairman Gatsas asked and that position is in your budget also.

Mrs. Porter answered yes.

Vice-Chairman Gatsas stated Alderman Lopez is waiting for my number.

Alderman Lopez responded I have my number but I will take yours.

Vice-Chairman Gatsas asked what is yours first. What is your number?

Alderman Lopez stated my number is what she needs to run that department. It is \$780,448.

Vice-Chairman Gatsas my number is \$763,448.

Alderman Lopez stated okay we can give her that number and let her work with it and see what she does. Do you want to tell her what you deducted?

Vice-Chairman Gatsas responded I deducted the part-time person at \$15,000 with benefits.

Mrs. Porter asked so you deducted a part-time person.

Vice-Chairman Gatsas answered after you moved everybody up on the ladder I assume...I could have gone on the inside and done it just as easy and removed that position and it would have had the same effect except that it was probably a \$57,000 deduction.

Mrs. Porter stated part-time has no benefits though.

Vice-Chairman Gatsas responded I just did what somebody told me. I follow orders well.

Alderman O'Neil stated before we adjourn and I don't know if the Clerk would be appropriate for this but can we get a running tab on the salary shortfalls, like a summary. I don't know maybe HR can do it. Ginny is going to be sick of me asking for reports.

Vice-Chairman Gatsas responded we will get those on the yellow sheet of paper when we get them back.

Alderman O'Neil asked can we get a page that summarizes...I mean that is where the bulk of this discussion is going to be is on salaries correct. Can we simplify it as best we can?

Vice-Chairman Gatsas answered you will have that by department on the yellow sheet of paper.

There being no further business, on motion of Alderman Garrity, duly seconded by Alderman O'Neil it was voted to adjourn.

A True Record. Attest.

Clerk of Committee